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MIDDLE EAST OVERVIEW AND U.S. ASSISTANCE TO THE PALESTINIANS

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Middle East Overview and U.S. Assis...

HEARING

BEFORE THE

COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

APRIL 6, 1995

Printed for the use of the Committee on International Relations

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MIDDLE EAST OVERVIEW AND U.S. ASSISTANCE TO THE PALESTINIANS

THURSDAY, APRIL 6, 1995

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The committee met, pursuant to call, at 2:37 p.m. in room 2172, Rayburn House Office Building, Hon. Benjamin A. Gilman (chairman of the committee) presiding.

Chairman GILMAN. The committee will please come to order.

This is our committee's first hearing this Congress on developments in the Middle East. I would like to welcome Assistant Secretary Pelletreau, State Department and Deputy Administrator Brown from USAID who are here with us today as our witnesses this afternoon.

Because events dictated that we reduce the number of our subcommittees to five, the issues under the jurisdiction of the Subcommittee on Europe and Middle East are now being handled by our full committee. This committee is sensitive to the need to pay close attention to the many important developments taking place in the Middle East, such as the progress in the Middle East peace process, sanctions against Iraq, and the status of our policies toward Iran.

So despite the fact that there is no longer a subcommittee of jurisdiction, the Committee on International Relations fully anticipates maintaining an active schedule of hearings and oversight events in order to fulfill our jurisdictional mandate. We hope, Mr. Secretary, that you will be able to make yourself available to the committee on a regular basis and that we can review together foreign policy developments in this vital region.

As for today, though we have limited time, the committee wants to cover not only the broad policy issues currently in play, but a review of U.S. assistance to the Palestinians. With the signing of the historic Declaration of Principles in September 1993, Israel and the PLO entered into a unique partnership which has accelerated the U.S. contribution to assistance for the Palestinians.

Many new programs have been devised and efforts are under way in a variety of areas. However, this committee has not yet had the opportunity to delve into the details of that assistance effort, so we look forward to discussing the U.S. program of assistance in particular detail with Deputy Assistant Administrator Brown.

We thank our panelists for joining us today and I yield to the ranking minority member, the gentleman from Indiana, Mr. Hamilton.

[The prepared statement of Mr. Gilman appears in the appendix.]

Mr. HAMILTON. Thank you, Mr. Chairman.

Let me say, first of all, how much I appreciate your holding this hearing. I look forward to it. I want to say to Secretary Pelletreau that I appreciate very much the work that has been done on the peace process in the Middle East in the past few weeks and months. I know something of how difficult that has been.

You and Secretary Christopher and others, I know, have put an enormous amount of effort into it. I think there has been progress made at every point with the Palestinians, with Syria, with the other negotiations and we appreciate that very much. We wish you continued success at it.

Chairman GILMAN. Mr. Lantos. Judge Hastings.

Mr. HASTINGS. No, Mr. Chairman. I waive an opening statement.

Chairman GILMAN. Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman.

Chairman GILMAN. The panelists may proceed in whichever order you desire and you may either shorten your prepared remarks or put your full remarks into the record, whichever you prefer.

STATEMENT OF THE HONORABLE ROBERT PELLETREAU, ASSISTANT SECRETARY OF STATE FOR NEAR EAST AFFAIRS, DEPARTMENT OF STATE

Mr. PELLETREAU. Thank you, Mr. Chairman.

Chairman GILMAN. Mr. Pelletreau.

Mr. PELLETREAU. Distinguished members of the committee, I am pleased to appear before you this afternoon to review recent developments in the Middle East. Secretary Christopher outlined for this committee last week the Clinton administration's global policy objectives and how they relate to our interests in the Middle East.

I have submitted a full statement for the record and would like now only to take a few minutes to highlight the issues that you have mentioned specifically. Securing peace in this turbulent area of the world remains of fundamental American national interest and consequently is at the forefront of this administration's diplomatic efforts.

I am pleased to report that our initiatives and events of recent months have reenergized the peace process. We were encouraged by the renewed commitments by the negotiating parties at the February 2 Cairo summit and the February 12 meeting hosted by the President at Blair House. Secretary Christopher and Vice President Gore have made separate trips to the region within the last month to build on the spirit of these meetings.

As you know, President Clinton met with Egyptian President Mubarak at the White House this week to discuss next steps in the peace process. Our special Middle East coordinator, Dennis Ross, arrived in the region today to continue our facilitation and encouragement of the peace negotiations. The Israelis and Palestinians have agreed on a road map for implementing the second phase of the Declaration of Principles.

The issues on the table are difficult ones. Israel needs to be sure that its people are safe from violence and terror. Palestinians want

greater autonomy, redeployment of Israeli troops and urgent improvements to their desperate economic situation. These concerns are being addressed. The Palestinian Authority must now make every effort to combat terrorism and extremist violence in the area under its control. It must capture those responsible for terrorist acts, try them and incarcerate them. In fact, we can report that the Palestinians are doing a better job on security.

Palestinian authorities state that they have preempted a number of attacks against Israel. Some arrests have been made and a security court has been established. We are told that prosecutions are being prepared. Cooperation with Israel on security matters has improved as well, most notably with the creation of a joint senior security committee. These efforts must now be reinforced. Trials must be held, weapons in private hands confiscated.

The message needs to be unequivocal that Gaza will not be a safe haven for terrorists. Israel for its part needs to continue to discharge its obligations under the Declaration of Principles. With an improvement in the security situation, Israel will need to move rapidly on transferring authority, redeploying troops and facilitate early elections. The international community also has a responsibility to ensure that Israeli-Palestinian negotiations continue to move forward.

The United States has led by example in this respect, fulfilling our pledges of assistance while examining new ways to make our support more effective. We have also been working intensively with the rest of the donor community to provide the Palestinians with the resources they need to carry out their growing responsibilities.

Mr. Brown's statement has details about our recent efforts to make our assistance program more effective and relevant to the situation on the ground, in the West Bank and Gaza Strip. Like the Palestinians, the people of Jordan also need to see tangible benefits from peace.

President Clinton committed the United States to support Jordan when King Hussein took his courageous move toward peace without waiting for others in the region. This commitment and the Congress' expression of support and the warm reception you accorded King Hussein and Prime Minister Rabin last July bolstered King Hussein's ability to take the political risk of embracing full peace with its former adversary.

Jordan is clearly doing its part and we must do ours. Acting now to forgive Jordan's debt is essential to build the confidence of the peace constituency in Jordan and elsewhere in the region. The uncertainty over the fate of the request to forgive Jordan's debt has been creating shock waves in Jordan. If the administration is unable to follow through now on this commitment, we run the risk of undermining the Jordanians who acted so courageously to make peace with Israel, as well as the prospects for a comprehensive peace in the Middle East. The support of the Congress is essential.

The Secretary's trip also resulted in a renewal of direct talks between Syria and Israel. The Secretary made clear that with an election season in Israel on the horizon, it is important that Syria and Israel move toward an agreement soon. Dennis Ross will be working with the Syrians and Israelis this week to lay the groundwork for narrowing differences on security issues, specifically early

warning, transparency, and zones of separation. We hope that these talks will help lead the way to direct military talks and further progress in these negotiations.

Progress in negotiations between Israel and Syria can also open the way to progress on the Lebanese-Israeli track. We note with satisfaction the progress that Lebanon is making in rebuilding its country and economy. We support Lebanese independence and territorial integrity and share the goals of the Lebanese people for a nation reunified, secure in that peace, free of all foreign forces.

The volatile situation in southern Lebanon continues to be of serious concern. We hope that all parties will exercise the maximum restraint and avoid threats or harm to innocent civilians. Progress toward regional peace allows a degree of optimism that would have been unrealistic in past years but in the Middle East context, it does not condone complacency. Threats to stability remain, demanding careful monitoring and attention. Iraq is one such threat.

Our policy is to ensure that Iraq complies fully with all relevant Security Council resolutions, passed in response to its 1990 invasion of Kuwait. Full compliance with these resolutions is the only means of reducing Iraq as a threat to regional security. Security Council resolution 687, which marked the end of the Gulf war, explicitly reaffirms the Council's need to be reassured of Iraq's peaceful intentions. In our view, and that of most of the Security Council, full compliance is the appropriate measure for determining whether sanctions should be modified.

We are also greatly concerned with the fate of the two American citizens seized by the Iraqis on March 13. Our sympathies are with these men who are needlessly suffering this ordeal. This is clearly a humanitarian matter, not a political one. Iraq has nothing to gain by continuing to hold these two Americans and they should be released immediately. We are working energetically through diplomatic channels to secure their freedom while preserving all options to address this situation. Iraq should never think that it can blackmail the United States into concessions.

We must remain equally vigilant against threats posed by Iran. This administration has repeatedly made clear that we have deep objections to specific aspects of Iran's policies, including its continuing support for terrorism, pursuit of weapons of mass destruction, support for violent groups seeking to derail the Middle East peace process, efforts to subvert other governments and a human rights record which deservedly is condemned by the entire international community.

We are pressing Iran unilaterally and through the international community to change this unacceptable behavior. Its efforts to rearm have been set back and the principle that Iran should not become a nuclear weapons State had been accepted by all supplier nations but more needs to be done.

To this end, the administration is actively considering ways to strengthen further the international pressure on Iran. We already have the tightest restrictions of any nation on trade with Iran but they need to be tightened further. We also need the support of or allies. No industrial democracy should be supplying Iran with concessionary credits that allow it to divert funds to sponsor terrorism or to purchase weapons.

Secretary Christopher has made crystal clear that no country should work with Iran on nuclear matters. We have made our opposition to Russia's nuclear cooperation with Tehran clear at the highest levels of the Russian Government. No amount of money is worth the price that the world would pay if a terrorist regime like Iran were to obtain nuclear weapons.

In summary, Mr. Chairman, the news coming out of the region today is both hopeful and discouraging, presenting opportunities and challenges for U.S. interests. Despite many enduring dangers to regional security, the record shows that a historical shift toward reconciliation is under way. The promise of peace is gaining ground and the people and governments of the region can see a new era of cooperation and prosperity almost within their grasp. This administration will remain fully engaged to see that the peacemakers prevail and fully engage to ensure that America's vital national interests are safeguarded.

Thank you, Mr. Chairman. I will turn to my colleague.

Mr. SMITH [presiding]. Thank you very much, Mr. Ambassador.

[The prepared statement of Mr. Pelletreau appears in the appendix.]

Mr. SMITH. Mr. Brown, you are asked to proceed however you would like, but your full statement will be made a part of the record if you care to summarize.

STATEMENT OF MR. TERRENCE J. BROWN, DEPUTY ASSISTANT ADMINISTRATOR FOR ASIA AND THE NEAR EAST, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. BROWN. Thank you very much, Mr. Chairman, members of the committee. I will submit my written remarks for the record and would like to briefly summarize some of its major points.

First of all, in the Middle East, the USAID program is clearly an essential tool to the U.S. foreign policy. For a lasting peace to be realized, the people of the region themselves must believe their lives and that of their children will be better.

Secondly, the USAID program in the region has a clear record of success. We have improved people's lives and created hope for the future. For example, in Egypt, the same level of assistance over a number of years has successfully reduced infant mortality by 50 percent. Eighty thousand children are now being saved each year as a result of the USAID child survival activities and approximately 23 million Egyptians benefit from improved water and wastewater sewage systems.

Third, while success can be cited, critical development problems still must be addressed. We are tailoring our aid program to address these problems to build the conditions that will support peace and prosperity in the region. In no part of the region is the urgency of action more clear than in Gaza and the West Bank. I, therefore, want to focus the rest of my remarks on the West Bank-Gaza program and what we are doing to address the situation there.

In response to the signing of the Declaration of Principles on the White House lawn in September 1993, the United States mobilized the donor community to translate the dreams of peace into tangible results for the lives of Palestinians. The U.S. pledge of $100 million

a year over the next 5 years includes $75 million a year in USAID-managed funds.

The vast majority of these funds finance specific activities that build the infrastructure, institutional, and human capacity for a stable, productive West Bank and Gaza. These projects will be carried out by American private voluntary organizations, by private sector firms, and international organizations such as the UNDP.

Thus far, USAID has built or upgraded more than 1,200 clinics, houses, and schools. We have funded training for more than 7,000 Palestinian men and women. We have helped create more than 4,000 jobs for Palestinians. In addition, a portion of our aid was contributed to a multidonor fund supporting the startup costs of the Palestinian Authority. This support has been essential to the delivery of public services in the West Bank and Gaza.

However, the complex political situation creates unique challenges for the implementation of any assistance program. Therefore, despite our commitments and those of other donors, many Palestinians complain that they have yet to see the benefits of peace.

USAID has responded to this fragile and changing situation by working with the State Department to refocus our program to maximize support for the peace process. We have just restructured our current program to emphasize job creation and the improvement of basic infrastructure. We needed a program which would be more visible and be delivered more rapidly than previously.

The USAID program will focus on Gaza where the needs are most urgent. To produce visible results quickly, we will work primarily with international and nongovernmental organizations that are already on the ground and have the capacity to mobilize people and resources quickly. These new activities include paving streets, renovating community buildings, rehabilitating housing and upgrading sewer and stormwater systems in Gaza. Upgrading the stormwater and sewage systems will have a significant environmental and health benefit for over 125,000 people by eliminating flooding and removing raw sewage from the streets of Gaza City.

When I was recently in Gaza, I visited a site with the chief engineer for the city of Gaza. As we were walking around what is a pretty abysmal situation, a number of people approached him, as they usually do, he said. For the first time, he was able to say that, yes, some relief was coming in a situation which, at the individual local residence, is truly awful.

USAID is also supporting a wide range of activities designed to generate employment through private sector development through technical assistance and marketing and production and loan guarantees for small and medium businesses. In addition to changing the focus of the program to better respond to the current situation and the needs on the ground, USAID has cut through its business as usual procedures to speed up the delivery of resources to people.

For example, it normally takes 9 to 12 months to design a project, and sometimes longer. In the case of Gaza, for the job creation and infrastructure activities, we have been able to compress that time to less than 4 weeks. This is an example of the sweeping reforms USAID has been making in the last 18 months.

In addition to our efforts, there is a great deal of effort at the local level and through donor coordination. The World Bank and the United Nations have resident representatives who are in the leadership role in a group called the Local Aid Coordinating Committee. This committee has become fundamental in helping to coordinate all donor assistance in the West Bank and Gaza.

In summary, Mr. Chairman, the Middle East is of vital interest to the United States. USAID programs are helping to support our national interest by building a foundation for economic growth, for social development and stable and democratic political systems.

While many countries in the region have achieved remarkable successes in some sectors, many still face significant development challenges. The cost of failing to deal with these challenges today will be far higher tomorrow. Sustained and concerted effort today will help attain the comprehensive peace that will give all countries in the region a chance to thrive.

Thank you.

Mr. SMITH. Thank you very much, Mr. Brown.

[The prepared statement of Mr. Brown appears in the appendix.]

Mr. SMITH. Mr. Ambassador, as you know, this past Sunday, there was a serious explosion that resulted in the death of at least six people. In the investigation in Gaza City, the police found that the explosion resulted from an accident in an elaborate bomb factory, and I was wondering if you could tell the committee what steps the Palestinian Authority has taken to aggressively seek out and eliminate terrorist bases within the autonomous region areas.

Mr. PELLETREAU. Immediately following that explosion, the Palestinian security forces moved energetically to close off the area and also to close off that part of the hospital where some of the victims were being treated. Those people have been interrogated.

There has been coordination between the Palestinian and Israeli authorities on the matter. And the latest news as of this morning is there have been some arrests, but I don't have information on whether as yet there will be prosecutions or not. But it looks clear that the Palestinian authorities are taking significant steps in the wake of that explosion.

Mr. SMITH. In the very limited time—because I am going to have to leave in a moment for that vote—but Mr. Brown, Egypt has always been one of those countries where we have really highlighted the great results of ORT, oral rehydration therapy, and I wonder if you might tell the committee how well that program is going in Egypt in particular and what the partnership for growth would entail as apparently there is a matriculation from AID toward some other kind of program. I wasn't sure what Vice President Gore had in mind when he met with President Mubarak on that issue.

Mr. BROWN. First, just a little about the Child Development program. USAID has been working in this part of USAID's development program for well over 10 years. One of the measures of success is always the ability of the Egyptians to carry out the program themselves with reduced levels of assistance as we move to other areas. Certainly in this area, for example, Egypt is now fully able to finance, for example, all the vaccine costs.

The vaccine coverage of small children in Egypt has now reached about 90 percent. Initially it was all financed by USAID. As the

Egyptians themselves have realized the importance and the quality of the program, they are picking up these recurrent costs. We are about to start another phase of the program, again focusing on the ability of the Egyptians, at some point in the future, to continue the program without our support.

Just a brief comment on the Gore-Mubarak initiative which is focusing on stimulating private sector expansion and development in Egypt. This initiative will help link the Egyptian and U.S. private sectors and help eliminate certain policy and regulatory constraints in Egypt to encourage the growth of the private sector. It is only through expanded private sector growth in Egypt that there will be sustainable job creation and development.

Mr. SMITH. Thank you very much.

I yield to Mr. Hamilton.

Mr. HAMILTON. Thank you very much, Mr. Chairman.

Mr. Secretary, I want to try to understand this Iraqi sanction business a little better and what our policy is. Now, there are four or five U.N. Security Council resolutions: 687, 688, 706, 707, 715, and the major one, I guess, is 687. I take it our view at the moment is that Iraq is not in compliance with all of the terms of 687.

Mr. PELLETREAU. That is correct.

Mr. HAMILTON. I have seen the statements the Secretary has made about biological weapons. They are not in compliance in other respects, as well; is that right?

Mr. PELLETREAU. Yes, that is correct.

Mr. HAMILTON. In what other respects are they—other items are they not in compliance?

Mr. PELLETREAU. Well, they are not in compliance—we have not yet been able to certify, or Mr. Ekeus has not, that a monitoring regime is fully in place and operational for detecting any Iraqi efforts to develop weapons of mass destruction. In addition, Iraq has not yet accounted for missing in action, Kuwaitis missing during the time of the events and others.

Iraq has not returned stolen assets, both military assets and other assets that were stolen and that we know are clearly in their possession. With respect, they have not—to the totality of the resolutions, they have not ceased their support for terrorism or——

Mr. HAMILTON. Now are you talking about 687 or other resolutions?

Mr. PELLETREAU. I don't recall right now which resolution that comes under. But cessation of their support for terrorism is one of the things we expect of them and also lessening their repression of their own citizens, their violation with respect to human rights.

Mr. HAMILTON. That is 688. I know it is confusing. I don't expect you to remember all of it. But 687 does have, I am told, the renunciation of terrorism provision in it.

Mr. PELLETREAU. Yes.

Mr. HAMILTON. OK. So they are a long way from compliance with 687——

Mr. PELLETREAU. Yes, that is correct.

Mr. HAMILTON Now, 687, of course, is the resolution which establishes conditions for lifting of sanctions, and I guess what I am interested in is, in order to—in order for the United States to support the lifting of the oil sanctions against Iraq, what must Iraq do?

Must it comply only with 687 and the conditions therein, or must it comply with all U.N. resolutions, including 688, 706, 712, 707, 715?

Mr. PELLETREAU. Iraq must be in overall compliance with all the resolutions. That is what we believe is necessary to meet the criterion and the test set out in the preamble of 687 which calls for Iraq to demonstrate its peaceable intentions.

Mr. HAMILTON. OK. Iraq then has to meet—I want to be very clear about that—all the terms and conditions in all of the U.N. resolutions before we would support the lifting of the oil sanctions.

Mr. PELLETREAU. Or modifications of the sanctions, that is correct.

Mr. HAMILTON. OK.

Mr. PELLETREAU. If you have the resolution there, if you will look in the preamble of 687, you will see that defining criterion spelled out right in the preamble.

Mr. HAMILTON. But the term—the specific terms of 687 do not say that Iraq has to meet all the conditions and terms of all the resolutions. It is the preamble—preambular language that you refer to.

Mr. PELLETREAU. I refer to the preambular language.

Mr. HAMILTON. You hang your legal case on the preambular language?

Mr. PELLETREAU. The legal case and the political case both.

Mr. HAMILTON. OK. In any event, they are not even close to being in compliance with 687.

Mr. PELLETREAU. That is correct.

Mr. HAMILTON. Now, how do the other Security Council Members feel about the position you have just taken? Would they all be in accord with it or would there be some differences of opinion with respect to it?

Mr. PELLETREAU. In early March, Ambassador Albright took a trip to consult with Security Council governments and found very widespread support for the position that overall compliance by Iraq is required. There is another interpretation which has been put forward by one or two governments that is more narrow based on provision 22, or paragraph 22 of 687.

Mr. HAMILTON. Are those governments Russia and France?

Mr. PELLETREAU. Yes, they are. But a vast majority of the Security Council favors the position that there must be overall compliance.

Mr. HAMILTON. I understand. Now, is there a vote coming up on these sanctions soon in the United Nations?

Mr. PELLETREAU. The next vote on the sanctions will be in mid-May.

Mr. HAMILTON. OK.

Mr. PELLETREAU. There was one in mid-March. And in mid-March, following Ambassador Albright's trip, there was unanimous consent that the sanctions should be continued.

Mr. HAMILTON. We keep hearing about an erosion of sanctions. Is that—how do you respond to that? Is there or is there not an erosion? And if there is, is it serious?

Mr. PELLETREAU. I don't see that there is an erosion of sanctions. There has been a small amount of leakage on the side of Iraqi oil

exports. But in our best estimate, this has not exceeded 100,000 to 110,000 barrels a day. And that is a rather small—less than 5 percent of what their exports were before the sanctions were imposed. I don't really consider that an erosion.

I think the sanctions are holding very well, and ever since they were imposed, Iraq has not been able to acquire a single new weapons system, and has not been able to acquire spare parts for its machinery and weapons, so I think the sanctions have been quite effective.

Mr. HAMILTON. And you just—you don't agree with the observation that there is a—an erosion taking place.

Mr. PELLETREAU. No. From time to time, we do see areas where Iraq is trying to evade the sanctions and we move to try to close them. Late last year, for example, there was an increase in small tankers that were leaving Iraqi ports, going to Iranian ports, either to take on Iranian documentation for themselves or to off-load their oil and then it was moved further.

There was not a large amount but we were able to identify it and to seize a number of those ships, and since December there has only been one that we have seen. So that closed down again. That is what I mean by it is not an erosion. It is a little bit of an up-and-down pattern and we are trying to keep it just as tight as we can.

Mr. HAMILTON. Two other questions, Mr. Chairman, if I may. Our position on sanctions is not related at all to Saddam Hussein's being in power or not.

Mr. PELLETREAU. That is correct.

Mr. HAMILTON. It is strictly with regard to the terms and conditions spelled out in the U.N. resolutions.

Mr. PELLETREAU. That is correct.

Mr. HAMILTON. Now, we have a lot of foreign visitors here, of course, and several of them recently have been indicating to us the very, very serious humanitarian conditions in Iraq and that the sanctions are punishing Iraqis. They are achieving some good things from our point of view as you have spelled out but also hurting the people.

I fully realize, as you have testified before, that Saddam Hussein is the problem here, that he refuses to cooperate in the procedures that are set up in the U.N. resolutions to get relief, humanitarian relief, for his people. The fact remains, however, that the people of Iraq are suffering badly and the reports are getting worse and worse as time goes forward.

Are we taking into consideration now any steps that would get relief to the people of Iraq, irrespective of the regime's opposition?

Mr. PELLETREAU. Let me spell out the way that we are looking at that problem. First of all, there is nothing in the sanctions that prohibits Iraq from importing humanitarian goods, food supplies, medicine. There is nothing in the sanctions that prohibits that. That is free.

Mr. HAMILTON. He has chosen not to import them.

Mr. PELLETREAU. That is free to be imported under the sanctions and he has chosen not to do it. He has built or refurbished a number of palaces and he has made sure that his Iraqi Republican

Guards are well fed and well housed and his Baath Party cohorts are suffering no shortages and no hardship and no discomfort.

Mr. HAMILTON. So they have some resources.

Mr. PELLETREAU. Indeed they do. The Security Council also made available to Iraq through Resolution 706 and 712 the possibility of exporting a certain amount of oil in order to be able to pay for additional imports and Iraq has rejected that saying it is a violation of its sovereignty, et cetera, et cetera.

What we are looking at now is a way of modifying 706 and 712 that would simplify the terms under which Iraq could export limited amounts of oil and use the proceeds for humanitarian imports, food stuffs, medicines, what they want in that domain.

Mr. HAMILTON. You obviously don't want any of those proceeds to get into the hands of Saddam Hussein.

Mr. PELLETREAU. We would like to see those proceeds used to buy the sorts of consumables——

Mr. HAMILTON. You are trying to work out a new mechanism now in the Security Council——

Mr. PELLETREAU. We are trying to simplify the existing mechanism and expand it so it makes absolutely clear, first of all, that a means is available for the Iraqi Government to obtain whatever financing it needs to secure food stuffs and whatever it needs. The new formula would allow Iraq to export $1 billion worth of oil every 6 months, and this would make available to Iraq something over $600 million after deductions for the compensation committee and other expenses required by the U.N. force. Over $600 million every 6 months to acquire food stuffs, medicines, the sorts of humanitarian supplies that would provide some relief.

This has not yet been voted by the Security Council, but Iraq seems to have rejected it in advance and that is an indication, I believe, of the government's attitude and their absolute neglect of their own people.

Mr. HAMILTON. I have no doubt at all about their attitude nor am I surprised by their position, but I, nonetheless, think it is a worthy initiative that you are following because I have just detected among the many people visiting here their increased attention to this problem of the plight of the Iraqi people. Mr. Chairman, I thank you.

Chairman GILMAN. The gentleman's time has expired.

Mr. Secretary, there have been some recent press reports giving the PLO's administration of Gaza, Jericho, some mixed reviews. Arafat, himself, continues to claim that the PLO can do very little to administer the autonomous areas until the PLO receives substantially more funding from the international community. Some of this material is in a GAO study on just how much he has in banks and how much in foreign banks and how much he is using on armaments and how much for the actual needs of the people.

How do you rate the PLO's administration thus far? Some of our visitors have indicated that Mr. Arafat demands keeping central authority over all aspects of the autonomous region and does not delegate any authority to any of his people and therefore they rate him as a very poor administrator, but we welcome your thoughts.

Mr. PELLETREAU. I would agree with that general observation. The chairman's style of leadership is not one which encourages del-

egation. He holds the cards in his own hand. He tends to manipulate the people around him and not delegate permanently additional authority. This is not the kind of leadership style which is amenable to good administration and that has been one of the factors that has retarded the flow of international assistance.

It has retarded the establishment and development of institutions in the Palestinian self-governing areas. There has been some progress, but it is indeed slow going.

Chairman GILMAN. How much funding has the international community committed to the PLO provided to the Palestinian Authority?

Mr. BROWN. In terms of the Palestinian Authority itself, a multidonor fund called the Holst Fund has been created under the auspices of the World Bank. Total pledges to the Holst Fund to date have been approximately $120 million.

Chairman GILMAN. How much of that has been received? How much of the $120 million has actually been received?

Mr. BROWN. To date, approximately $92 million has been received.

Chairman GILMAN. Over what period of time?

Mr. BROWN. That is over a period of about a year.

Chairman GILMAN. How have those funds been utilized?

Mr. BROWN. The funds have been utilized in three areas. First, to pay for some initial cleanup and other labor-intensive activities in Gaza City mostly. Secondly, they have been used to finance materials and other consumable items. And third, to pay Palestinian Authority salaries, including teachers and other civil servants.

Chairman GILMAN. Has there been good transparency, good accountability of the funding to the PLO?

Mr. BROWN. Yes, there has been. As I mentioned earlier, I have just returned from about a week's stay in that area. USAID and the World Bank carefully reviewed the World Bank's system for overseeing the donor funds. Since we, like most donors, rarely finance recurrent costs, the Bank has put in place, using an independent international auditing firm, a system for reviewing all receipts received from the Palestinian Authority to make sure that the funds provided by the donors are used for their intended purposes.

Chairman GILMAN. Secretary Pelletreau, for some time now Israel has refused to extend its support for indefinite extensions for the Nuclear Nonproliferation Treaty unless Israel takes a concrete step with respect to the nuclear program such as agreeing to the pact in principle, opening its facilities for international inspections. In President Clinton's meeting with President Mubarak, how was this issue treated? Can we expect any change in Egypt's policy toward the NPT and Israel's position regarding that treaty?

Mr. PELLETREAU. This issue was discussed in considerable detail during President Mubarak's visit and I think there are three elements that are worth pointing out. First of all, President Mubarak made very clear that Egypt supports the NPT. Egypt was one of the initiators of the NPT and feels that a Nuclear Nonproliferation Treaty will make the world a safer and more stable place.

Secondly, Egypt made clear that it was not lobbying other States not to vote for extension. Thirdly, it was engaged in discussions

with Israel on the overall question of NPT and future security of the Middle Eastern area. It reserved its position on how Egypt itself would finally vote in the NPT extension conference next month, but President Mubarak had no hesitation in saying that Egypt supports the NPT, wants to see a solid and broadly supported NPT for the future.

He made clear that Egypt was going to continue to discuss this subject with Israel, that Egypt favored and so does Israel, so do we, a Middle East that would eventually be free of all weapons of mass destruction, whether chemical, biological or nuclear. We, ourselves, recognize this is going to take some time, but I think our discussions with President Mubarak on the issue were productive and advanced us on the issue.

Chairman GILMAN. Secretary Pelletreau, one last question. I understand the administration currently is reviewing a policy toward Iran. In light of the new policy change involving President Clinton's executive order prohibiting Conoco's Dutch subsidiary from entering into a $1 billion oil deal with Iran, what areas of additional sanctions against Iran has the administration been exploring?

Mr. PELLETREAU. Well, as I mentioned in my opening statement, we have in place a very extensive set of restrictions on trade with Iran. But it is not comprehensive restrictions. And the additional areas that could be looked at are purchases of petroleum products from Iran, all purchases, all sales of nonsensitive materials to Iran, all commercial investment, all financial activities.

These are the various areas that we have been looking at with an eye to seeing which ones we could tighten and that would really have some impact on Iran or on our ability to persuade our allies to tighten their restrictions, as well, on Iran and bring some realistic additional pressure.

Chairman GILMAN. Are we considering any new sanctions on Iran?

Mr. PELLETREAU. Well, among these things that we are considering—options are being prepared for the President right now—there would be the possibility of increased restrictions, yes.

Chairman GILMAN. Thank you. Mr. Hastings.

Mr. HASTINGS. Thank you very much, Mr. Chairman, and I apologize, Mr. Brown, for not being here during your vocal testimony. I tried to read through as fast as I could your written testimony. Let me put to you the question, if aid to Israel were cut, what kind of signal do you think that would send to the Arab countries in the Middle East with whom Israel is currently negotiating or considering a peace treaty?

And do you think cuts in aid to Israel would send a signal that our support for that country has weakened and do you perceive that cuts now will exacerbate problems in the Middle East peace process and may cause the need for greater assistance in the future, whether we are able to provide it or not?

Mr. BROWN. Ambassador Pelletreau, that may be in your realm.

Mr. HASTINGS. That may be in your region, all right.

Mr. PELLETREAU. May I take a crack at that, judge?

Mr. HASTINGS. Please.

Mr. PELLETREAU. When countries take risks for peace, I believe the United States should be supporting those countries, and that includes Israel and that includes the Arab States that have made peace with Israel. Those countries need to show their people that they have a chance for a better existence and a more prosperous future in a situation of peace than they had under a situation of hostility. And this is a very worthwhile investment for the United States to be supporting the elements that support peace and the governments that support peace in the Middle East.

So I honestly believe that a cut in assistance to Israel or to any of the active participants, those that have made peace would send a negative signal to the whole area and would have the effect of undermining the strength of the peace that has been achieved and of the U.S. support for that peace. If the peace ever began to fall apart and we began to go back into a time of hostility, it would potentially cost this country a lot more—.

Mr. HASTINGS. Yes, sir.

Mr. PELLETREAU. Than the investments we are making in peace.

Mr. HASTINGS. Right. I apologize to both of you for not having the jurisdictional understanding. I did, in reading your testimony, Ambassador Pelletreau, read your views with reference to Algeria, which I share with regard to the radicalization of the Islamic movement and how best we may try to marginalize the most violent extremists.

I have been on a track and maybe you can stop me or tell me I may be on to something. I have been on the track of late dealing with North Africa and the Horn of Africa and the obvious spread of the Islamic movement in that area with specific concern for the Sudan. And my question to you is your interest that you manifest with reference to Algeria, is there similar concern for what is going on in Sudan and/or shouldn't there be?

Mr. PELLETREAU. The situations are not entirely similar, but there are serious concerns with respect to both countries. In Algeria, you have an active insurgency going on now. In Sudan you have a war between North and South.

Mr. HASTINGS. But you have 16 terrorist camps there.

Mr. PELLETREAU. You sure do.

Mr. HASTINGS. Isn't that correct?

Mr. PELLETREAU. You sure do. And that is a matter of really grave concern. In Algeria, what we would like to see is the government take steps to broaden its political base by opening discussions with political parties and political elements that don't espouse violence. And in that way seek a political solution out of this impasse and confrontation that they are in now.

In Sudan, you have a government which apparently is supporting the establishment and maintenance of these camps on its own soil, and we believe that government should be taking action to close down those camps and to distance itself from terrorism, either domestic or international.

Mr. HASTINGS. Mr. Chairman, may I ask one more question? My time is up. May I ask just one more question?

Chairman GILMAN. Yes, by all means.

Mr. HASTINGS. I will stay with you, Ambassador Pelletreau. Do you think Chairman Arafat has done enough to suppress violence

against Israelis or better, I guess, what do you think he can do about the violence? And let me share with you a concern that came out of a hearing this morning regarding the Islamic movement in Africa.

A gentleman testified before the Subcommittee on Africa that he felt that there were so many weapons and so many explosives until it is virtually impossible to disarm the area and that Arafat's job—he wasn't pleading for Arafat, but he says his job may be virtually an impossible one. What are your views?

Mr. PELLETREAU. Arafat's commitment and his agreement with Israel is to take adequate security measures, to preserve law and order in the self-governing areas and to clamp down on those who would engage in terrorist activities. Nobody says this is going to be a real easy job, but Arafat is committed to it. Further progress in the Palestinian-Israeli negotiations hinges on it and we have seen in recent weeks some additional measures that Arafat has taken and there are more he still needs to take.

He has organized a security court. We are told he is preparing prosecutions, but we haven't seen any trials yet. We need to see those trials. We need to see the establishment of the rule of law, the clear establishment of the rule of law in the Palestinian territories. And I think also that the Palestinian Authority and its police force, which is a pretty capable force should be taking steps to confiscate weapons that are in private hands. They know where a lot of these weapons are and they should start taking more vigorous steps to be confiscating these weapons.

Mr. HASTINGS. I thank you, Mr. Ambassador, and I thank you, Mr. Chairman.

Chairman GILMAN. The gentleman's time has expired.

Mr. Burton.

Mr. BURTON. Thank you, Mr. Chairman. First of all, I have about three areas I would like to cover, Ambassador. The Golan Heights is a major concern of a number of us. I have been to Israel. I have been on the Golan Heights in southern Lebanon, and I am familiar, as many of my colleagues are, with the terrorist attacks by Hamas and Hezbollah in that area and although we are very supportive of the peace process, many of us feel like putting the U.S. military in a—in-between those two countries in a peacekeeping role could lead to real tragedy, not unlike what we had in Beirut during the early years of the Reagan administration.

We certainly don't want to see some terrorists trying to make a point by blowing up a bunch of American military personnel. And toward that end, rather than ask you a question, I would just like to express my concern and I think I speak for a great many of my colleagues by saying that while we support the peace process, we don't want U.S. troops on the Golan Heights in-between those parties because of what might happen and it may not be at the behest of Syria. It may not be even known by Syria, although that is probably doubtful because Hezbollah and Hamas do operate out of Syria. But the fact of the matter is that could happen.

We don't think that we should be putting American troops in harm's way unless it is in our national interest and we don't think that is the case in this situation.

The second thing I want to ask you about is a business problem. Over the past 2 years, the Saudi Embassy has been reluctant to address a settlement of a company called GHI that has been waiting for about 2 years for Ambassador Bandar to honor his government's pledge to fairly and expeditiously resolve a claim by this company under the special claims process and the debt has been outstanding for more than a decade. You may be familiar with this issue. And there are many in Congress who have been contacted about this and we have—I have been talking to some of my colleagues as well as others and they think that Congress should take some action.

Rather than do that, is there any way the State Department can talk to the Saudi Ambassador and to try to get them to sit down with the company and work this thing out? It has been going on for over a decade and there has been a promise they would resolve it and it hasn't. And the last thing and then I will let you go, on the—on the Iran situation, the Russians have indicated they are going to sell about $1 billion in nuclear equipment to the Iranians and that this is not going to be capable of building nuclear weaponry.

The plutonium that comes out of those plants, as you know, can be processed. It can be used for nuclear development and I don't know how they can say that those reactors that are being sold won't be used in one way to help make nuclear weapons, which could be destabilizing in that area. So could you let me know what the administration is contemplating doing to try to stop the Soviet Union or Russia from continuing those sales?

Mr. PELLETREAU. Certainly. Those are all three relevant issues in the Middle East today. With respect to the claim of GHI against Saudi Arabia, this has been an area that I have been actively discussing and keeping in regular touch with a couple of your colleagues on the committee on.

There were some 14 cases that my predecessors were considering with the committee on getting Saudi action to help resolve. Most of those cases have now been resolved. On the Gibbs and Hill matter, at our request the Saudi Ambassador met with Gibbs and Hill last fall. Senator Lautenberg was in attendance at that meeting and they reviewed the case thoroughly. And the company and the Senator left with the clear understanding that there would be another meeting after the results of that one had been analyzed. And there has not yet been another meeting, but I have been energetic in pressing the Saudis to agree to that next meeting and they have at the level of their Foreign Minister made the commitment that they would have another meeting.

Their Ambassador, himself, is at the moment incapacitated through recent surgery. But we expect that that meeting will occur when he is able to do it. And so we are working on that one. On the question of the Russian contract to build a light water reactor with Iran, the United States has made clear at the highest level its opposition to this contract and we have engaged the Russian Government to cancel it. Up to this point the Russian Government has not agreed but we are continuing our efforts.

We have provided them some intelligence as part of an educative effort to bring home to them that Iran is indeed engaged in trying

to develop a nuclear weapons program. And even though this particular contract and this particular reactor would fall within safeguards in the Nuclear Nonproliferation Treaty, we feel it is very ill-advised to put into Iranian hands any additional nuclear technology and therefore this contract should not go forward. And our efforts will continue and we feel very strongly about this matter.

Chairman GILMAN. The gentleman's time has expired.

Mr. Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman,.

Mr. Secretary, I appreciate your work. I have followed some of your work and the committee should be proud of what you are doing. I am somewhat preempted by my chairman of the Subcommittee on the Western Hemisphere in my questions, but I want to reiterate, too, he is on the same path that I am on. So one was global, which is Iran, and one is provincial, which is the Gibbs and Hill question.

Let me go to the global one. I heard what you said in response to Mr. Burton. You know, Iran, which is sitting on untapped oil reserves, certainly cannot make the claim that it needs nuclear reactors to power its economy. We have, I understand, shared intelligence. You just said that—with the Iranians showing how they are bent on building bombs, including importing chemicals needed to separate plutonium from spent reactor fuel and also attempting to buy gas centrifuge equipment used to enrich uranium for arms.

Now, if that is not convincing, I don't know what is. As someone who supported Russian aid in the past, but is finding it increasingly difficult to do so, what is it we are telling our Russian allies. What are we saying in these—you referred on page 9 of your testimony to a working group of some sort, a nonproliferation working group.

Before we have these votes on Russian aid, I want to know what is clearly in this one area, what is the definitive area and then, secondly, to go to the provincial question you partially responded to. When I am back in New Jersey, having voted for a good deal of foreign aid and for promoting the United States needs to be globally engaged, I talk about some of the benefits, the same benefits the Secretary of State has sat before this committee and talked about, our security interests and also our economic security interests and our economic expansion.

In that respect, when companies like Gibbs and Hill, a New Jersey company: there are five members of this committee who happen to serve from New Jersey have to wait a decade and go through 2 years of discussions with the Saudi Embassy and still get nothing more than a promise of another meeting, it really gets to a point that we begin to wonder what it is that will be necessary so that an interest of a U.S. company will be preserved by both our State Department, as well as by those who are supposedly our allies and want to engage us and for which we have protected their national interests at important times. So I would like you to go a little further on Gibbs and Hill saying how far we need to go.

What do we need to do to move that along to a conclusion and, secondly, what are we telling our Russian allies that relates beyond that we don't want them to do it and there are good reasons in their interests as well as ours. What are we willing to say to them

in the context of if they insist on pursuing this course, where is it that we are going?

Mr. PELLETREAU. Let me try to expand a little bit first on the Saudi case.

Chairman GILMAN. Mr. Secretary, I am going to ask you to be brief because we are trying to wind up before the last vote.

Mr. PELLETREAU. OK. Expanding on the Saudi case just very briefly, there are literally thousands of American companies that do business in Saudi Arabia. It is our largest business partner in the Middle East. We want to see all these companies treated fairly. We want to see any disputes solved fairly and not be a disincentive to further commercial development between us. That is why we have been pressing that the Saudis meet with Gibbs and Hill, that Gibbs and Hill present whatever additional evidence it has that would give the Saudis the materials to reopen a court case that has already been concluded in Saudi Arabia and see if we can't move to a satisfactory resolution about this problem.

If necessary, if the company comes to us and asks the U.S. Government to espouse its case, which it has not done, that puts us into another legal realm. But we want to see a satisfactory resolution.

Mr. MENENDEZ. New Jersey suffers higher than the national average of employment. In my district, which suffers twice the amount of unemployment rate of the national average, when the President talks about global trade and involvement and how it is great for us, we find it difficult when companies like Gibbs and Hill still have to—they are going through proof—I think all the proofs are in. The question is the willingness, the disposition to resolve this. I think many of us are at patients end.

Chairman GILMAN. The gentleman's time has expired.

Mr. MENENDEZ. Mr. Chairman, could I have an answer on Iran?

Chairman GILMAN. Yes. I want to associate myself with the gentleman's concerns on the Gibbs-Hill case. One more.

Mr. PELLETREAU. Briefly on Iran, the Secretary of State has raised this with his counterpart. The Secretary of Defense has raised this with his counterpart. The President has a meeting coming up with his counterpart. This is very high on our agenda to continue addressing with Russia. There is no question that Russia's response on this subject will affect the nature of our cooperation, particularly the nature of our cooperation in the nuclear field.

We are making a real effort to educate senior Russians at all levels about the dangers of proceeding with this contract and we think that we should be able to make progress on it.

Chairman GILMAN. The gentleman's time has expired. Mr. Engel for 2 minutes.

Mr. ENGEL. Thank you, Mr. Ambassador. I am going to just try to cram everything into a minute and a half and if you would like to answer any of them, please do and if not, we can talk in the future.

Chairman GILMAN. If the gentleman will yield a moment, Mr. Secretary, Mr. Brown, we may want to submit some additional questions and ask if you would respond and we will make it a part of the record.

Mr. ENGEL. I want to also associate myself with Mr. Burton's and Mr. Menendez's remarks on Gibbs and Hill. I think this is outrageous that this is continuing on and on. If there is anything we can do in Congress, either by holding hearings or whatever, I think perhaps we ought to coordinate it because I just think it is an outrage.

Let me say that some of us had dinner the other week with the Secretary of State to talk about Middle East peace and it was a good dinner. We had an exchange of views. I expressed at that time, which I want to express again, at least for me, the verdict is still out on Mr. Arafat and whether or not we ought to continue to renew the American funds to the PLO.

I would like to, but I think he has got to really show more. I think that while the Secretary of State said as of late there has been some improvement, I certainly think that there is a long, long way for the PLO to go and I think Mr. Arafat really has to be more serious about that. And the last thing I want to raise is Syria.

I am really disgusted with the two-step game that they play, the duplicitous game, the dance. They want peace; they don't want peace. The Hezbollah operates with impunity there. I know they are saying they are going to curb them, but I have yet to see it. They still have all the troops, Syrian troops in Lebanon even though they pledged many years ago to start removing them. They haven't done that. I know that we want to induce Syria and Israel to make peace, but I think that Mr. Assad is just like Mr. Arafat. I think their feet have to be held to the fire. So if you want to comment on any of that. If not, I know we have a vote and the chairman is anxious for us to go. But we can correspond.

Chairman GILMAN. You have 5 minutes to get to the floor.

Mr. ENGEL. Thank you.

Chairman GILMAN. The gentleman's time has expired. If you care to comment, would you put it in writing for us? I want to thank our panelists for being with us and your patience and the committee stands adjourned.

[Whereupon, at 3:46 p.m., the committee was adjourned, subject to the call of the chair.]

APPENDIX

April 6, 1995

Full Committee Statement of
Chairman Benjamin A. Gilman on
Middle East Overview and
Assistance to the Palestinians

This is our committee's first hearing this Congress on developments in the Middle East, and I would like to welcome Assistant Secretary Pelletreau from the State Department and Deputy Assistant Administrator Brown from AID who are with us today as our witnesses this afternoon.

Because events dictated that we reduce the number of subcommittees to five, the issues under the jurisdiction of the Europe and Middle East Subcommittee are now being handled at the full committee level.

This committee is sensitive to the need to pay close attention to the many important developments taking place in the Middle East today, such as progress in the Middle East Peace Process, sanctions against Iraq, and the status of our policies towards Iran.

So, despite the fact that there is no longer a subcommittee of jurisdiction, the International Relations Committee fully anticipates maintaining an active schedule of hearings and oversight events in order to fulfill its jurisdictional mandate.

We hope, Mr. Secretary, that you will be able to make yourself available to the Committee on a regular basis, and that we can review together foreign policy developments in this vital region. As for today, though we do not have much time, the Committee wants to cover, not only the broad policy issues currently at play, but a review of U.S. assistance to the Palestinians.

With the signing of the historic Declaration of Principles in September, 1993, Israel and the PLO entered into a unique partnership that has accelerated the U.S. contribution to assistance for the Palestinians. Many new programs have been devised, and efforts are underway in a variety of areas. However, this Committee has not yet had the opportunity to delve into the details of that assistance effort, so we look forward to discussing the U.S. program of assistance in particular detail with Deputy Assistant Administrator Brown.

Thank you again for joining us this afternoon.

OPENING STATEMENT

ROBERT H. PELLETREAU
ASSISTANT SECRETARY OF STATE
FOR NEAR EASTERN AFFAIRS
BEFORE THE
HOUSE INTERNATIONAL RELATIONS COMMITTEE

APRIL 6, 1995

Let me briefly review the various tracks of the peace process.

Bilateral Negotiations

Israel-Jordan

In October, Jordan became the second Arab state to sign a peace treaty with Israel. Jordan and Israel see this treaty as much more than an absence of hostilities; they share a vision of a warm and wide range of bilateral contacts and interactions.

In the wake of their agreement, the Jordanians and Israelis have begun to formulate plans for a series of joint development projects dealing with the environment, water, energy, and tourism. As Prime Minister Rabin has emphasized, the Israel-Jordan Treaty and all of its elements of cooperation should be the model for the area.

The President committed the U.S. to support Jordan when King Hussein took his courageous move toward peace without waiting for others in the region. This commitment, and the Congress' expression of support in the reception accorded King Hussein and Prime Minister Rabin last July, bolstered King Hussein's ability to take the political risk of embracing full peace with its former adversary.

Jordan is clearly doing its part. We must do ours. Acting now to forgive Jordan's debt is essential to build the confidence of the peace constituency in Jordan and elsewhere in the region. The price the United States and our friends in the Middle East will pay for failure is high. Your support is essential to ensure the President's commitment is fulfilled, and the prospects for a comprehensive peace in the Middle East are enhanced.

Israel-Syria

Syria's negotiations with Israel remain focused on the sensitive issues of the nature of the peace they are contemplating, withdrawal, security, and the timing of the elements of these issues.

Secretary Christopher's trip last month resulted in a renewal of direct talks between the two parties. They agreed on a plan for their ambassadors in Washington to meet under our auspices to discuss security arrangements. Those meetings began two weeks ago.

During his current trip, Ambassador Ross will help prepare the ground for a meeting of military experts. We are still in the early stages of discussions, but we are encouraged that the two parties are engaged on issues such as early warning, transparency, and zones of separation.

As Secretary Christopher pointed out to this committee last week, these talks are entering a crucial phase, and the Administration will remain closely and actively involved to help the parties take the crucial decisions needed for a breakthrough.

The Multilateral Negotiations

As you know, Mr. Chairman, in early 1992, shortly after the Madrid Middle East Peace Conference, a set of multilateral negotiations was launched to complement the bilaterals. For three years, representatives of Israel, the Palestinians, thirteen Arab countries, and more than 30 parties from outside the region have been meeting in various working groups to address issues facing the region as a whole: water, the environment, economic development, refugees, and arms control and security. Progress in these talks has surpassed our expectations. Israeli delegations are becoming routine features in Arab capitals where such meetings occur: five of the six meetings of the last round of multilateral talks were held in the region -- in Morocco, Tunisia, Egypt, Qatar, and Oman.

The multilaterals provide several benefits to the process as a whole. They are building networks of Arab and Israeli professionals with similar interests. They provide mechanisms through which regional problems can be addressed and constitute an available forum for other states to join at the appropriate time. They are also spawning new areas of cooperation, such as the decisions by Israel and Morocco on liaison offices, the agreement by Israel and Tunisia to open economic liaison offices, and the Middle East/North Africa Economic Summit that took place in Casablanca last October. The multilaterals are proving to be a catalyst for positive change, and may be giving us a glimpse of what the region will look like when the countries of the area cooperate in an era of comprehensive Arab-Israeli peace.

Economic Summit

Last October the Casablanca Middle East/North Africa Economic summit brought together representatives of 61 countries and more than a thousand businesspeople to discuss economic development needs and commercial prospects of the region. The conference spurred regional economic integration, private investment, and the development of regional economic institutions.

Emerging from the conference was a proposal for the creation of a regional development bank to promote regional infrastructure projects, private sector development and regional cooperation. The proposed Bank would complement the work of other international financial institutions such as the World Bank and the International Monetary Fund. It would also allow us to leverage our resources to build ties among the people of the Middle East. Over 30 countries are taking part in a U.S.-chaired Task Force that is discussing proposals for the Bank as well as other institutional arrangements. It is our hope that the second economic summit in Amman in the fall will provide the occasion to formally launch the bank.

Support for U.S. Business

This Administration is also committed to continuing the work of the Casablanca conference and promoting U.S. business by developing increased linkages between the U.S. private sector and their counterparts in the region.

Forces of terrorism and rejection complicate the task of peacemaking. The pursuit of weapons of mass destruction by some states poses a long-term regional menace. Some governments also face challenges from opposition movements, religious and secular, that use violence and terrorism as the path to political power. I would underscore that the activities of Iran, Iraq and Libya remain sources of particular concern. Let me briefly review our policy toward the Gulf.

Iraq

Our Iraq policy is to ensure that Iraq complies fully with all relevant Security Council resolutions passed in response to its 1990 invasion of Kuwait. Full compliance with these resolutions is the only means of reducing Iraq as a threat to regional security. Security Council Resolution 687, which marked the end of the Gulf War, explicitly reaffirms the Council's need to be assured of Iraq's peaceful intentions. In our view, and that of most of the Security Council, full compliance is the appropriate measure for determining whether sanctions should be modified.

Experience has shown that Council firmness is the only way to bring about compliance. Although Iraq has formally recognized Kuwait and its borders, Iraq remains out of compliance with all other aspects of the resolutions: it has failed to account for hundreds of Kuwaitis missing since the Gulf War; it has not returned Kuwaiti property looted during the occupation of Kuwait; it has not ceased its support for terrorism; it continues to brutally repress its own citizens; and, despite its protests to the contrary, Iraq is not complying with all of its obligations regarding weapons of mass destruction.

Ambassador Rolf Ekeus, who heads the UN Special Commission charged with eliminating Iraqi weapons of mass destruction and monitoring Iraq's weapons capability to prevent resurgence of those programs, will report to the Security Council next week. Among other observations, we anticipate Ekeus will note Iraq's failure to disclose information on past biological weapons programs. We fully expect Ambassador Ekeus' report will be taken into account by the Security Council at the mid-May sanctions review, and we expect the Council will find once again that it is inappropriate to modify sanctions.

Mr. Chairman, a number of Americans and others have expressed concerns that Iraqi civilians are suffering due to the sanctions regime. Saddam has chosen to exploit the suffering of his own people. We share concerns regarding the plight of the Iraqi people, but we are convinced that relieving the pressure on Saddam will do precious little to help the average Iraqi.

The sanctions regime allows Iraq access to humanitarian supplies. Moreover, we have cooperated in the formulation of a new Security Council resolution that would allow Iraq to sell a prescribed amount of oil to finance the purchase of food, medicine, and other humanitarian items. Iraq previously rejected a similar, but more stringent, regime proposed under UN Security Council resolutions 706 and 712. We hope that Iraq will use this opportunity to meet the needs of its civilian population, but once again, the choice to do so is Iraq's.

We have also been concerned in recent days with the welfare of two American citizens who mistakenly crossed into Iraqi territory March 13. Our sympathies are with these men and their the families who are needlessly suffering this ordeal.

Gulf Collective Security

A second focus of our policy in the Gulf, complementing our efforts to counter the threatening potential of Iran and Iraq, is bolstering the defensive capabilities of our friends in the Gulf region. We are urging the members of the Gulf Cooperation Council to work more closely together on collective defense and security. We have also strengthened our own ability to act quickly in cooperation with our regional partners by maintaining strong forces in the region, by prepositioning equipment and material, concluding defense cooperation agreements with several Gulf Cooperation Council states, and providing defense articles to friendly states.

Our goal here is to complement, not replace, the Gulf states' own collective security efforts. We do not intend to station troops permanently anywhere in the region. Our objective is to increase regional stability and deter threats, and to reduce the likelihood that we and our allies would have to fight to repel an aggression.

Libya

Another enduring threat to security in the region is Libya. Recent events amply demonstrate Libya's continued defiance of the international community and this Administration's unwavering commitment to secure justice for the victims of Libyan terrorism.

Last week, on March 30, the UN Security Council determined that Libya had still not met the demands of Resolution 731 concerning the savage bombings of Pan Am Flight 103 and UTA Flight 772. We strongly supported that determination and unequivocally condemn Libya's blatant disregard of its obligations. Libya's machinations in a variety of fora are clear -- and futile -- efforts to evade full compliance with the Security Council's demands.

Equally clear to us is the necessity for stronger sanctions to bring about full Libyan compliance. Current sanctions must and will be maintained. They are not, however, sufficient. We are engaged in a process of consultations with Security Council members and other key governments to consider a range of other measures -- including an oil embargo -- to exert greater pressure on Qadhafi's regime. We anticipate discussions over the next several months will help clarify which measures are both feasible and effective.

Another concern is Libya's candidacy for the UN Security Council. Libya is next in line under the traditional rotation to assume one of the African Group's Security Council seats in January 1996. We are waging a vigorous diplomatic effort to thwart seating this international pariah on the Security Council.

Libya's position on the Security Council would give it frequent opportunities to oppose international cooperation on a range of important issues. It is also repugnant to consider Security Council membership for a nation in flagrant violation of the Council's resolutions and so clearly opposed to the character and principles of that body. I assure you we will do everything possible to avert such an outcome.

Conclusion

On balance, Mr. Chairman, the news coming out of the region today is good news. Despite the many dangers that persist to regional security, the record shows that an historical shift toward reconciliation is underway. The promise of peace is winning the day, and the people and governments of the region have a new era of cooperation and prosperity almost within their grasp. This Administration will remain fully engaged to see that the peacemakers prevail, and fully engaged to ensure that America's vital national interests are safeguarded.

Thank you.

PREPARED STATEMENT OF TERRENCE J. BROWN, DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND THE NEAR EAST, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Chairman and Members of the Committee:

As Secretary Christopher stated here last week, "nowhere is the importance and effectiveness of sustained American engagement more evident than in the Middle East." U.S. interests in the region remain focused primarily on efforts to resolve the Arab-Israeli conflict, one of the most difficult problems of this century. With the unprecedented progress the countries of the region have made toward peace in the last few years, it is now possible, in the words of Secretary Christopher, to "foresee a day when the 300 million people of the Middle East and North Africa, so long held back by strife and hatred, can finally join the mainstream of international commerce."

Gaza and the West Bank

At the heart of USAID's newest activities in support of peace and prosperity in the Middle East is our program for Palestinians in Gaza and the West Bank. The signing of the Declaration of Principles on the White House lawn on September 13, 1993, marked a dramatic turning point in negotiations between Israel and the Palestinians. In response, the United States mobilized the donor community to translate the dreams of peace into tangible changes in the lives of Palestinians. The U.S. pledge of $100 million a year for five years includes $75 million a year in USAID-managed funds.

In the last year and a half, the multilateral effort to build support for the next stages of the peace process has seen both successes and disappointments. USAID, working closely with the State Department and other federal agencies, has continued to play a key role as the first donor with a presence on the ground, the first to kick off major visible infrastructure projects, and the fastest to disburse pledges. The U.S. Government also took the lead in focusing donor attention on the need for a new mechanism to address the start-up costs of the emerging Palestinian Authority, particularly after Israel ceased paying the salaries of thousands of Palestinian civil servants, including teachers and doctors.

Since the Declaration of Principles was signed 18 months ago, we estimate that our program has benefitted over half of the Palestinian population of the West Bank and Gaza. Through U.S. assistance:

-- We have built or upgraded more than 1,200 clinics, houses or schools.

-- We have helped Palestinians invest in their own future by funding training for more than 7,000 Palestinian men and women.

-- We have helped create more than 4,000 jobs for Palestinians.

-- 112 Palestinian non-governmental organizations have received support to strengthen their ability to deliver services to Palestinians in essential social service sectors such as health and education.

-- We have provided funding and/or other assistance to build more than 500 small-scale water facilities, such as water catchments and upgraded community wastewater treatment systems.

-- Over 100 village committees and municipalities also have been strengthened by their involvement in USAID-funded programs.

-- USAID programs have helped build more than 40 market roads.

-- Over 120 pieces of equipment - from tractors to electric motors - have been provided for Palestinian farms and small businesses.

However, the peace process has had periods of stagnation as well as of advancement. Many Palestinians complain that they have yet to see the benefits of peace with Israel. There are many reasons for their disappointment. Among other things, the Palestinian Authority has taken longer than expected to organize itself and to develop the capacity to set development priorities and work with the donors. The urgency of meeting massive "start-up costs" diverted some donor funds from longer term development projects. Poorly developed infrastructure, security concerns, and uncertain legal and judicial systems have hindered necessary private and foreign investment. Also, terrorist incidents within Israel have led to periodic border closures that have kept Palestinians from entering Israel to work, blocked entry of Palestinian products into Israel and other foreign markets, and disrupted the flows of materials and equipment for reconstruction projects in Gaza.

In the last year, household incomes have actually dropped, and revenues from taxes collected for the Palestinian Authority have also declined. Donor efforts have been adversely affected in many cases. In Gaza, more than 50 percent of the labor force of approximately 180,000 is unemployed. The hope that heralded the signing of the Declaration of Principles is as yet unfulfilled.

USAID has responded to the fragile and changing situation in the region by working with the State Department to adjust our programs to maximize support for the peace process. We have just concluded restructuring our current program to focus more on the urgent need for jobs and infrastructure. This month, about $40 million of USAID's fiscal year 1995 pledge of $75 million will begin funding projects that create jobs as well as improve

conditions in the West Bank and Gaza. At a donor coordination meeting here in Washington on Monday, representatives of the Palestinian Authority and the donor community noted the reprogramming of USAID funds as a model of the rapid refocusing that all donors must undertake to keep the peace process on track.

USAID's new projects will focus on Gaza, where the needs are the most urgent. In order to expedite them, we will work primarily with international and non-governmental organizations that are already on the ground and have the capacity to mobilize people and resources quickly. These new activities include paving streets, renovating community buildings, rehabilitating housing, and upgrading sewer and storm-water systems in Gaza. Upgrading the storm-water systems will have significant environmental and health benefits by eliminating flooding and removing raw sewage from the streets of Gaza. USAID also is supporting a wide range of activities designed to generate employment and private-sector development through technical assistance for small businesses in marketing and production, and loan guarantees for small and medium businesses.

In fiscal years 1994 and 1995, about 25 percent of USAID assistance for Gaza and the West Bank was allocated for the start-up costs of the Palestinian Authority. This assistance flowed primarily through the World Bank-managed Holst Peace Fund in order to assure that proper standards of accountability were maintained. This support has been essential to the creation of a viable government in the West Bank and Gaza and to those working to administer government programs, including teachers and health workers. The United States and other donors have been very clear, however, that the Palestinians must ultimately shoulder responsibility for their own recurrent costs. With further progress in the peace process and a greater, more reliable revenue stream for the Palestinian Authority, we hope to focus more on longer term development needs in Gaza and the West Bank so that the emerging peace can be sustained.

USAID support for Egypt, Israel, Jordan, and Lebanon also demonstrates U.S. commitment to help secure a comprehensive and lasting peace in the Middle East. In accordance with the 1979 Camp David Accords, the bulk of U.S. assistance goes to Egypt and Israel.

Egypt

USAID assistance to Egypt reflects Egypt's essential role in the peace process. Since the Camp David Accords, Egypt has been a strong ally of the United States, a moderating force in the Middle East, and a strong supporter of an overall settlement between Israel, its neighbors, and the PLO.

With our support, Egypt has been able to shift its efforts from maintaining a 30-year state of war to addressing major development challenges, including rapid population growth, ineffective economic policies, poor infrastructure, and a sluggish economy. As a result, Egyptians now have access to more dependable electricity, cleaner water, improved health care, more schools, more reliable telecommunications, better village infrastructure and services, new technologies for agricultural production, and better access to credit for small business development. Population growth rates have fallen, and child and maternal health have improved.

America's partnership with Egypt is aimed at enhancing stability, democracy and prosperity in Egypt and the region. USAID's programs are designed to help Egypt pursue sustainable development by bringing its population growth rates to more manageable levels, accelerating the economic policy reforms necessary for job-creation in the private sector and foreign investment, strengthening civic society and democratic institutions, and addressing environmental concerns affecting the nation's health and economy.

The Commodity Import program, whereby Egyptian companies purchase U.S. goods, has benefitted over 1,400 American manufacturers and exporters from approximately 46 states. In addition, U.S. firms in construction, services, equipment, manufacturing, and technical services are heavily involved in implementing Egypt's project assistance.

The impact of USAID's assistance to Egypt has been substantial. USAID programs are responsible for saving over 80,000 Egyptian children each year through use of USAID financed oral rehydration therapy and immunizations. Infant mortality rates have declined from 97 deaths per thousand in 1988 to 61 deaths per thousand in 1992, a 37 percent decline. The population growth rate has declined from 2.9 percent to 2.1 percent over the past ten years. In education, more than one million students are enrolled in 1,950 USAID-financed primary and preparatory schools. These children likely would not be able to attend school otherwise.

Over 23 million people benefit from improved water and wastewater systems. USAID has financed the installation and rehabilitation of over 5,000 megawatts of electrical generating capacity, 40 percent of Egypt's total capacity. USAID support has contributed to major policy reform measures including stabilization of the foreign exchange rate, a major reduction in the budge deficit, liberalization of the economy, and a removal of agricultural controls. The latter has led to a 46 percent increase in the cultivated land area devoted to major crops, and has led to production increases of approximately 36 percent for wheat, 26 percent for rice, and 28 percent for maize over the

last few years.

Despite this progress, however, much remains to be done if Egypt is to realize its potential as a stable and prosperous economy in a peaceful Middle East. Since 1991, the Egyptian Government has begun instituting the macroeconomic reforms that are necessary to stabilize and stimulate the economy after 40 years of state intervention. Subsidies and trade barriers have been reduced, the foreign exchange rate has been unified and stabilized, the budget deficit has dropped from 20 percent of gross domestic product to under four percent, and interest rates have been liberalized. But the pace of reforms has been disappointing, and little progress has been made in key areas such as privatization. We are concerned that the government is not meeting targets for economic policy reform negotiated with the International Monetary Fund and the World Bank.

We are pleased, however, that the Egyptians have just agreed to the economic reform benchmarks for USAID assistance, including reducing tariff rates, reducing administrative costs to exporters, privatizing at least 15 additional public enterprises, and promoting private banks' participation in financial markets.

Finally, we expect that the new Gore-Mubarak Initiative announced last September will bring greater focus to the U.S.-Egyptian partnership for economic growth and development. USAID is funding a number of new activities spurred by the initiative, including providing technical assistance to improve quality standards for Egyptian exports, creating manufacturing technology centers, and addressing Cairo's air pollution problems with lead abatement measures. Sustainable economic growth in Egypt must be built upon an expanding private sector, competitive in the world marketplace.

Israel

Israel is the largest single foreign recipient of U.S. Government resources. Political and economic stability in Israel continue to be critical to achieving U.S. foreign policy objectives in the Middle East. U.S. economic assistance to Israel is in the form of a cash transfer and loan guarantee program. The United States has encouraged Israeli economic reforms that are essential for private sector-led growth and improved long-term economic security. The U.S.-Israel Joint Economic Development Group, which meets twice a year to review this reform program, held its most recent meeting just this week.

The Government of Israel has been relatively successful in stabilizing the economy in the face of a massive inflow of immigrants that has increased the population by approximately 10 percent since the end of 1989. Real gross domestic product (GDP) growth averaged approximately six percent per year from 1990

through 1992, and four percent in 1993. Employment has risen at an annual rate of four percent, the market-based exchange system has improved export competitiveness, and inflation has been reduced to about 11.5 percent. However, unemployment increased from 8.9 percent in 1989 to 11.2 percent in 1992 before declining to 10.5 percent in 1993.

Jordan

The leadership King Hussein showed in signing a peace treaty with Israel last October reinforced Jordan's role as a partner in the Middle East peace process. U.S. economic assistance bolsters this role by supporting a stable and moderate government and aiding Jordan's economic and social development. USAID's strategy has been designed to stimulate economic growth in Jordan, to address rapid population growth and to improve the quality and availability of water.

To stimulate economic growth, USAID assistance has helped the Jordanian government take the steps necessary to improve prospects for Jordanian exporters, including eliminating export licenses, simplifying customs procedures, and redrafting laws that act as barriers to increased trade and investment. To slow population growth, USAID is helping Jordanian health and family planning programs improve outreach, education, services, and access to contraceptives. Jordan's fledgling democracy, its ability to "wage peace" and its continuing efforts in the regional peace process will depend on political and economic stability, which can only be achieved with U.S. and other donor assistance.

Lebanon

Now that the civil war has subsided in Lebanon and the country has begun to rebuild, USAID's program of humanitarian assistance is shifting to support new opportunities for reconstruction and rehabilitation, particularly in isolated rural areas. Non-governmental organizations are receiving support for medical and reconstruction services for vulnerable groups, including orphans, children and the handicapped. USAID is also helping the Lebanese government, two major universities, and the private sector to enhance their management capabilities to meet new development challenges. USAID assistance demonstrates America's commitment to help Lebanon recover and take part in the evolving Middle East peace process.

Morocco

Morocco has played a significant role in the Middle East peace process in recent years. It is also a voice of moderation in the Arab world and a bulwark against radical Islamist influence. The United States welcomes King Hassan's leadership

in convening the Middle East/North Africa Economic Summit in Casablanca last October. With USAID assistance, Morocco has achieved significant progress in addressing many of the fundamental problems that hamper its economic and social development, although much remains to be done. Current projects include efforts to reduce rapid population growth; improve child and maternal health; limit urban pollution and sanitation; strengthen natural resource management, particularly in water use; and promote economic growth through support for privatization and small business and microenterprise development.

Yemen

USAID also has a small program in Yemen, one of the poorest countries in the world. USAID's assistance program is designed to help Yemen deal with the related problems of extraordinarily high fertility, maternal mortality, and female illiteracy, as well as the generally low status of women.

Tunisia and Oman

In recognition of Tunisia's growing ability to manage its own development challenges, USAID will close its Tunisia Mission by September 30, 1995. Over the last 35 years, USAID assistance was instrumental in helping Tunisia reduce its population growth rate, train young people for leadership roles in the government and the private sector, and strengthen its economy through infrastructure and agriculture projects.

The USAID Mission in Oman will close by September 30, 1996. USAID assistance has resulted in better trained Omani professionals. USAID has helped to improve urban water supply systems in Oman's two major cities, which include one third of the Sultanate's total population. We have also improved family planning programs.

Funding Request

The President is requesting $2,113,200,000 in Economic Support Funds and $58.6 million in Development Assistance in fiscal year 1996 to meet America's foreign policy objectives in the region. Decreasing U.S. assistance to the countries of the Near East will undercut U.S. leadership and threaten the peace negotiations.

In view of current budget realities, USAID is looking at new ways to deliver assistance to maximize development impact and promote U.S. interests in the region. We have cut the usual design process for infrastructure projects in Gaza and the West Bank from 18 months to three weeks. In addition, USAID put sweeping reforms in place during the last 18 months. The agency

has announced the closing of 21 missions and plans to close six more worldwide, reduced staff by 1,200 people, reduced project design time by 75 percent, instituted fully integrated state-of-the-art financial management systems, completed an agency-wide right-sizing effort, and dramatically opened up its procurement process. USAID is proud to be one of the lead agencies in Vice President Gore's National Performance Review.

In sum, Mr. Chairman, the Middle East is of vital interest to the United States. USAID programs are helping to support U.S. national interests by building a foundation for economic growth, social development, and stable and democratic political systems. While many countries in the region have achieved remarkable success in some sectors, many still face significant development challenges. The cost of failing to deal with these challenges today will be far higher tomorrow. Sustained and concerted effort today may also attain the comprehensive peace that will give all countries in the region a chance to thrive.

Terrence J. Brown

Deputy Assistant Administrator for Asia and the Near East
U.S. Agency for International Development

Terrence J. Brown is Deputy Assistant Administrator for Asia and the Near East in the U. S. Agency for International Development (USAID). USAID is the government agency that administers economic and humanitarian assistance worldwide.

Before assuming this position, Brown served as assistant to the administrator for policy and program coordination. From 1990 to 1993, he served as USAID mission director in Guatemala. The mission received a Superion Unit Citation from the agency and a Management Excellence Award from the President's Council on Management Improvement— the first USAID mission to be nominated for and receive that award.

Brown's Foreign Service career with USAID spans several decades. He was director of the Office of Development Resources for the Latin America and Caribbean Bureau from 1986 to 1990. He served as deputy director of the Regional Development Office for the Caribbean from 1981 to 1985 and was chief of the Project Office at the USAID mission in Bolivia from 1979 to 1980.

In the 1970s, Brown served in the Latin America Bureau and Near East Bureau in Washington, D.C., and with USAID missions in El Salvador and Nicaragua.

Brown was born on July 29, 1947, in Sarnia, Ontario. He has a bachelor's degree in political science from Kalamazoo College and a master's degree in international development and law from the Fletcher School of Law and Diplomacy.

Brown resides in Arlington, Va., with his wife, Patricia, and two children, Allison and Tristan.

QUESTIONS FOR THE RECORD SUBMITTED TO ASSISTANT SECRETARY OF STATE ROBERT H. PELLETREAU BY CHAIRMAN GILMAN

[Answer Incorporates Information as of June 5, 1995]

MIDDLE EAST PEACE PROCESS—PALESTINIAN TRACK

Question. This past Sunday, an explosion in Gaza killed at least six people, including a top commander of a HAMAS military unit, Karmal Kheil. While investigating the scene, Gaza City police found that the explosion resulted from an accident in an elaborate "bomb factory." Police found six more bombs and seized rifles, grenades, and nearly 70 pounds of chemicals which can be used to make high-powered explosives. Tayeb Abadel-Rahim, Secretary General of the PA, said HAMAS members were preparing 'a very large explosive" that was to be packed in a big suitcase, apparently for use in Israel.

I am concerned that it has taken a major accident for the Palestinian Authority's forces to uncover such an extensive terrorist weapons facility, especially considering the devastating effect the intended action in Israel would have had on this peace process. Specifically, what steps must the Palestinian Authority take to aggressively seek out and eliminate terrorist bases within its autonomous areas? How would you characterize Arafat's relationship with HAMAS and his willingness or ability to crack down on HAMAS and other violent opponents of peace?

Answer. The Palestinian Authority has taken a series of steps in recent weeks to prevent acts of terrorism and to prosecute those responsible for committing such acts. Security courts were established and began to try those suspected of terrorism; members of HAMAS and PIJ were detained and for the first time prosecuted and convicted for involvement in terrorist acts; and an order for licensing and/or confiscation of weapons was issued. Palestinian authorities have also preempted a number or attacks planned against Israel. The Palestinians are cooperating and coordinating with Israel more fully on security issues and they have created a joint senior security committee.

Arafat has shown an increased willingness to put pressure on HAMAS and other violent opponents of peace. In May, the Gaza security court closed the HAMAS newspaper, al-Watan, for three months because of inflammatory articles it published against the Palestinian Authority. The editor, who is the highest ranking HAMAS official arrested by the Palestinian Authority to date, was sentenced to two years in jail.

The success of these steps to control terrorism can only be evaluated over time, but they do demonstrate a far more systematic effort to counter and punish those responsible for planning or carrying out acts of terror.

Question. In making its DOP commitments, the PLO agreed to prosecute terrorists, prevent the use of unauthorized forces, confiscate unauthorized weapons, and extradite terrorists to Israel. Chairman Arafat renewed that commitment in meetings with Secretary Christopher and with Vice President Gore last month. In its report to the PLO's compliance with its peace process commitments to combat terrorism, the State Department noted the many problems the PLO was having in meeting its commitments.

How would you rate the PLO's performance in complying with its commitments during the last few months?, In light of his recent pledges, what new steps do you anticipate from Chairman Arafat? What actions has Arafat taken to obtain control over the territory he now administers? Has he attempted to gain control over the amount of weaponry in the area?

Answer. The Department's latest assessment of the PLO's compliance with its commitments is contained in the report provided to Congress on June 1. The conclusion to the report is as follows:

The Administration believes that the PA and PLO elements under Arafat's control have abided by the commitments undertaken in September 1993 and those in, and resulting from, the good faith implementation of the DOP. The PA and Arafat have taken several important steps to prevent violence and to punish those responsible for violence and terrorism. The PA has also taken more meaningful measures to crack down on those who plan and carry out terrorism and violence. The PA has detained, tried and convicted persons involved in violence and terrorism against Israel and has moved to restrict the prevalence of weapons in the areas under its control. Cooperation and coordination with Israeli security forces continue to improve.

At the same time, more should be done. The key to an effective security policy is its sustainability and consistency. The PA should do more in the areas discussed in this report to ensure that its policies are systematic and part of a legal structure. The U.S. expects the PA and the PLO to continue to take concrete steps to effec-

tively preempt and prevent terrorist acts, and we will press them to do so. If measures such as those that were put into place during this reporting period are sustained, they will have a lasting effect on security and stability.

The U.S. has raised its concerns with PLO and PA officials on a number of occasions and at the most senior levels. President Clinton, Vice President Gore and Secretary Christopher have all raised security concerns in meetings with Chairman Arafat. Arafat has assured U.S. officials that the Palestinian police are fully authorized to make arrests and to prevent acts of violence. The Administration will continue to press the PA and the PLO on the need to act on all its commitments, including amending the PLO covenant at the earliest opportunity.

Question. The PLO also made a commitment to help end the Arab League boycott of Israel. This boycott costs American and Israeli companies hundreds of millions of dollars a year. Considering the extensive economic needs of the Palestinian Authority, and its pleas for support in building the infrastructure of its autonomous areas, this boycott is as ludicrous as it is destructive.

What moves have the Palestinians made towards fulfilling this commitment and lifting the boycott? Was this issue raised in either Vice President Gore or Secretary Christopher's meetings with Chairman Arafat? How do you interpret the February Taba Declaration signed by the PLO, which stated that "they support all efforts to end the boycott of Israel." What actions can you point to since this declaration was signed?

The Middle East Peace Facilitation Act, which gives the President the authority to waive statutory restrictions against U.S. dealings with the PLO, expires at the end of June. Has the legislation been a useful tool in urging Arafat to take more serious steps in complying with the commitments he made?

Answer. The Palestinians do not enforce the boycott of Israel. In fact, almost all Gaza and Jericho trade passes through Israeli territory. U.S. companies find that they are able to do business with the Palestinians regardless of whether or not they -are on the Arab League's "blacklist." Israeli-Palestinian economic cooperation is extensive and includes direct trade and joint ventures. We support this. The importance of expanding and deepening Israeli-Palestinian economic cooperation is a constant theme of our discussions with Chairman Arafat and other Palestinian representatives.

The Taba Declaration marked the Palestinians' first public statement against the boycott and, in our view, committed the Palestinians to support any initiative for formal Arab League action against the boycott. We regret that, to our knowledge, since the Taba meeting, no Arab League member has advanced such an initiative. We especially regret that Arab League Foreign Ministers (including a PLO representative), who met in March, once again failed to take action against the boycott. We will continue to urge Arab League states and the PLO to work for concerted Arab League action to end it.

MEPFA has been important in giving the President the flexibility to support the peace process by waiving statutory restrictions as the PLO meets its commitments.

Question. Recent press reports give the PLO's administration of Gaza-Jericho very mixed reviews. Arafat himself continues to claim that the PLO can do very little to administer the autonomous areas until the PLO receives substantially more funding from the international community.

How do you rate the PLO's administration thus far? What role does U.S. assistance play in leveraging international financing for additional projects in the autonomous areas? How much money has the international community committed and actually provided to the Palestinian Authority? How effectively has the Palestinian Authority addressed issues of transparency and accountability in that aid? How is the Palestinian taxation' system working? What procedures are now in place to ensure accountability?

Answer. The PA leadership took up its responsibilities with no experience in administering structures of government and little familiarity with the situation on the ground in the West Bank and Gaza. It was woefully understaffed and initially resisted cooperation with Israeli authorities who would be crucial to a smooth transition. It also was reluctant to abide by routine administrative procedures required by international donors. In the year that has elapsed, there has been significant progress on all of these areas. However, the PA still lacks middle management, staff, equipment and training, and must delineate more clearly the lines of authority among the various economic ministries.

U.S. assistance plays a very important role in leveraging international financing for both projects and especially start-up costs in the West Bank and Gaza. In fact, one of the main motivations for reprogramming our FY 95 funds to target more visible infrastructure improvements and job creation was to stimulate similar activity by other donors.

The international community committed $2.3 billion over the period 1994–98. For 1994, total pledges were $807 million, of which approximately $245 million had been fully disbursed by the end of the year. For 1995, total pledges amount to approximately $502 million, of which just under one-fifth has been disbursed.

With regard to accountability, the PA is working well with donors to ensure their funds are being spent transparently. U.S. project assistance for the West Bank and Gaza does not go directly to the Palestinian Authority, but is administered by USAID through private voluntary organizations, other grantees, U.S. contractors, or UN agencies. These projects are administered in strict compliance with USAID procurement, accountability, and reporting requirements. USAID staff in the field monitor project implementation. Where appropriate, USAID has contracted for the services of engineering and construction management firms to verify compliance and performance standards.

Aside from projects, we have channeled $40 million in FY 94/95 through the World Bank's Holst Fund. Donors have contributed a total of $126.5 million to the Holst Fund. The World Bank replenishes PA accounts on a monthly basis based on PA documentation of expenditures in certain categories. The accounting firm Touche Ross, Saba and Company has conducted standard accounting procedures which include random spot checks of 10–25% of the receipts submitted by the PA. It verifies eligible expenditures based on criteria established by the World Bank and agreed upon by all contributors. Every contract valued over $25,000 is individually audited. The Bank submits monthly reports on the Holst Fund to contributing donors. Thus far, only payments for civil servant payrolls and office equipment, installation and moving expenses have been reimbursed.

The U.S. also contributed $5 million for Palestinian police salaries. The U.S. firm Coopers & Lybrand reviewed all of the payments. We were satisfied that the funds were used appropriately.

The Palestinian tax system is working relatively well. It functions better in the West Bank than in Gaza, where there was a disruption in services at the time the system was transferred. Since the PA assumed the taxation function in the West Bank in late 1994, the PA Ministry of Finance has appointed directors of taxation, and has worked closely with Israel and the IMF to ensure maintenance of the system. Indeed, for the period October 1994–January 1995, the PA exceeded projected levels of combined tax collection for the West Bank and Gaza. Since January, tax revenues have declined, but this appears to be largely due to extended closures, rather than any problem with the PA's collection efforts.

Question. In February, President Clinton pledged to improve the economic situation in the Gaza-Jericho enclave, stating: "it is clear that we have to bring some economic benefits of peace as quickly as we possibly can." During his visit to the region two weeks ago, Vice President Gore announced the Palestinian Authority would be allowed to export goods to the U.S. free of tariffs. Can you comment on the creation of the industrial zones? Is this announcement related to the brief notice in the Federal Register? What is the status of the notice? Is Congressional authority required for creation of these zones, since it is a new proposal? What impact will these zones have on the Palestinian economy? What impact do you hope they will have on the peace process?

Answer. Since the beginning of 1995, Israel and the Palestinians have been discussing ways to create employment opportunities quickly in the West Bank and Gaza. In particular, they have focused on establishment of industrial zones or parks. The U.S. has been supportive of this effort. Both parties are working jointly with the World Bank and others on the most effective ways to manage, market, and regulate such zones. U.S. Congressional authority is not required for the creation of these zones. There is, however, a legislative prohibition on the provision of U.S. assistance for establishing or developing industrial or export processing zones that might affect U.S. jobs. We will stay in close contact with the Congress as the Palestinians and Israelis further develop proposals on industrial zones.

It is not possible to predict the impact of zones on the Palestinian economy, since their success depends on several variables, many of which have yet to be determined (likely markets, industries that intend to locate in the zones, security arrangements, insurance and loan guarantees, investment incentives that will be provided, etc.) Certainly, there is an expectation that there will bean economic benefit, which in turn can provide an important boost for the peace process.

Vice President Gore's announcement in March was made possible in part by responses received by the Administration to a mandatory Federal Register notice which invited public comment on the government's intent to extend Generalized System of Preferences (GSP) privileges to products manufactured in the West Bank and Gaza. The GSP action took effect April 7, 1995.

MIDDLE EAST PEACE PROCESS—SYRIAN TRACK

Question. This week, a surge of attacks across the Israel-Lebanon border prompted Syria's Defense Minister, Mustafa Tlas, to visit the Lebanese forces and urge them to be vigilant in their efforts against "the enemies." Hezbollah, one of the ten terrorist organizations which continues to receive support from Syria, showered Katyusha rockets on Israeli settlements last week, carrying out attacks which violate Israeli-Syrian agreements already in place and which threaten to escalate fighting in the region.

This activity follows other acts perpetrated by terrorist organizations sponsored by Syria, including the suicide bombing carried out by Islamic Jihad in Beit Lid, Israel, which killed 21 people and wounded at least 65 others.

Despite President Asad's public support for the peace process, his continued logistical and symbolic support for terrorist groups both inside and outside of Syria work directly counter to this goal and put peace further and further out of reach.

What impact will recent hostilities in Israel's northern border have on continuing negotiations between Syria and Israel? What steps must Syria take in order to halt the activities by terrorist groups which stand as the premier threat to the peace process? What measures must Asad take to build confidence among Israelis in his commitment to continuing the peace talks? What steps can the U.S. take to more effectively bring Syria's support for terrorism to an end? Even if Syria signs a peace treaty with Israel, what factors must be considered before removing Syria from the terrorism list?

Answer. We have repeatedly made it clear to the highest levels of the Syrian government that we oppose the presence of all terrorist organizations in Syria, and that we find their presence incompatible with Syria's stated support for the peace

As long as it continues to provide safe haven and support to terrorist groups, Syria will remain on the list of state sponsors of terrorism.

We are actively encouraging Syria to conclude a peace treaty with Israel. In the context of movement toward peace, we would expect that Syrian behavior inconsistent with peace would change and allow improvement in our bilateral relations.

[Answer Incorporates Information as of May 31, 1995]

Question. Particularly in the wake of recent aggression on the Lebanese border, peace negotiations between Israel and Syria appear to be grinding along very slowly. Do you have any reason to expect a breakthrough in these negotiations in the near future? What indications have you received from Asad that he will seriously consider a real peace with Israel? What progress can you point to in the negotiations?

Answer. Recently Israel and Syria agreed to a framework understanding on security arrangements and senior military experts from both sides to meet in Washington before the end of June. Special Middle East Coordinator Dennis Ross will be preceding Secretary Christopher travels to the region in early June in preparation for those meetings.

We believe we are entering a crucial phase in the negotiations and that both sides are serious about moving forward. We don't try to predict exactly when breakthroughs are going to take place, although clearly we would like to see a breakthrough soon.

Question. There are reports that Syria has chemical weapons capability and that the Syrian government will begin full-scale production of the Scud-C tactical ballistic missile by mid-1996. Can you either confirm or deny these reports? Have you addressed Syrian missile acquisition with Asad? Have you addressed with Damascus the issue of Syria's attempts to acquire weapons of mass destruction?

Answer. Syria has long had a sizable SCUD missile force and we have information that Syria continues to develop its chemical weapons capabilities. Further details on Syria's capabilities would require the use of sensitive intelligence information.

The Administration is very concerned about the proliferation of weapons of mass destruction (WMD), missiles, and related technologies. We continually monitor and evaluate reports of potential proliferation activity and work closely with supplier states to prevent transfers in support of WMD or missile-related projects. Items on the U.S. munitions control list are not exported to any state included on the list of state sponsors of terrorism.

Syria is a signatory of the NPT, and has signed a full scope safeguards agreement. We encourage Syria to join the Arms Control and Regional Security Working Group, to achieve its security goals through arms control and reasonable conventional arms capability and renounce weapons of mass destruction.

Question. In the event of a peace agreement between Israel and Syria, there is the possibility that both sides would ask for U.S. personnel on Golan Heights to

serve as monitoring forces. What role do you see for Congress as these issues develop? How would the Administration evaluate the potential risks of U.S. personnel serving as monitors on the Golan Heights, in the context of a future Israeli-Syrian peace accord? What measures might be required to help Israel deal with any new security requirements resulting from an Israeli withdrawal on the Golan Heights?

Answer. As we have said all along, the U.S. is prepared to support an Israeli—Syrian agreement and to consider, subject to consultations with Congress, the use of U.S. personnel, possibly including troops, to support a peace agreement. There is ample time for very complete consultations with the Congress on the question of any kind of U.S. presence on the Golan. But that discussion should take place at a time when the nature of possible security arrangements—and the role of a possible international presence—are clearer.

Because the parties themselves have not yet discussed what role international forces might play in the security arrangements, it is unwise to speculate about the circumstances of a U.S. presence on the Golan. However, any presence would be in the context of a peace treaty which ended the conflict between Syria and Israel. We would also expect Israel and Lebanon to conclude a peace treaty with security arrangements that ensure terrorist groups would not be able to operate in southern Lebanon, adjacent to the Golan Heights. It should also be borne in mind that there has been an international presence on the Golan Heights since 1974, as part of the Golan Disengagement Agreement. In twenty-one years, this UNDOF force—which from time to time includes American officers on secondment from the UN Truce Supervision Organization—has never been subjected to a terrorist attack.

Finally, we have had informal, generic discussions with the Israelis regarding appropriate forms of U.S. assistance in support of any change in Israel's security needs resulting from a Syrian-Israeli peace agreement. We do not anticipate specific requests for assistance from Israel until more progress has been made in Israel's negotiations with Syria.

ISRAEL

Question. Foreign aid has played a key role in encouraging long-term stability in the Middle East and demonstrating the U.S. commitment to Israel's security. U.S. support enhances Israel's ability to negotiate for peace with confidence, helping to bring about the historic peace treaty between Israel and Jordan. I am very pleased that the Administration's budget request continues our aid commitment to Israel.

Would you please comment on the role foreign assistance to Israel has played in the Middle.East peace process? Can you comment on the importance of continued support for Israel as difficult negotiations proceed? In what way is foreign aid critical to maintaining Israel's security, deterrent capabilities and qualitative military edge? How would a reduction in aid to Israel or a restructuring of that aid affect the peace process and Israel's security?

Answer. Our aid to Israel gives it the confidence it needs to take further difficult steps for peace. For FY 1996, the President has requested $1.2 billion in ESF and $1.8 billion in FMF for Israel. We intend to maintain those levels in the future as negotiations proceed.

U.S. assistance is vital to preserve Israel's security and well-being. Our grant FMF helps to maintain and enhance Israel's qualitative military edge over any likely combination of adversaries. In addition to supporting major weapons systems, U.S. military assistance allows Israel to engage in significant military-related research and development.

The President has made the judgment that this is not the time to be tampering with the level or structure of aid to Israel. Particularly at such a sensitive juncture in the peace process, it essential that we not withdraw support from this key partner in the region. A cut in assistance to Israel would send a negative signal to the whole region and would have the effect of undermining our role in supporting the goal of peace between Israel and its neighbors.

Question. The Administration's FY96 request would provide $12 million to fund the five multilateral working groups and to support regional cooperation programs between Israel and the Arab countries.' In last year's Foreign Operations Appropriations bill, Congress included report language urging the Administration to fully fund the $7 million Middle East Regional Cooperation program, or MERC. The small investment in MERC has played a key role in fostering cooperation between Israel and the Arab countries on scientific and technical projects. MERC has served as a living example of the positive impact that peace can have on the region.

Does the Administration's $12 million request include support for the MERC program? How will continued support for regional cooperation programs like MERC further the efforts of the peace process? Will the Administration continue to fund

other cost-effective cooperative programs such as the Cooperative Development Research and Projects program (CDR/CDP)?

Answer. For FY 1996, the Administration requests ESF worth $7 million for the MERC and $5 million for the Middle East Multilateral Working Groups.

The $12 million requested for these two programs will make an important contribution to the Middle East peace process. MERC supports scientific and technical collaboration between Israel and Arab parties such as Egypt, Morocco, Tunisia, Jordan and the Palestinians. MERC thereby strengthens Arab-Israeli ties by demonstrating that peaceful cooperation on common economic and social problems can yield tangible benefits to those involved. MERC-funded research has facilitated the development of crop varieties which use saline water, thus making desert farming more feasible. MERC has helped in the development of surveillance systems for vector-borne diseases and systems allowing wastewater reuse for irrigation and fish production. The MERC portfolio also supports research on saltwater intrusion in coastal areas of Morocco, Israel, and the Gaza Strip. Most MERC activities complement and indirectly support but do not overlap with the ongoing activities under the multilateral peace process.

The multilaterals were launched in 1992 to complement the bilateral negotiations. Progress in the multilaterals, which involve Israel, the Palestinians, thirteen Arab countries, and more than 30 parties from outside the region, has surpassed our expectations. The five multilateral working groups—water, environment, economic development, refugees, and arms control and regional security—maintain an active program of modest regional projects, as well as seminars, workshops and feasibility studies. In addition to supporting agreements reached between Israel and Arab parties in bilateral negotiations, the multilateral groups proved a vital forum to promote contacts between Israel and a broader group of Arab parties including those in the Gulf and Maghreb.

In addition to MERC and the multilaterals, the Administration intends to continue funding the Cooperative Development Program (CDP) and the Cooperative Development Research Program (CDR). The Administration's request for Development Assistance funds for the CDP program will enable countries in Africa, Central/Eastern Europe, the Central Asia/Trans-Caucasus region, and elsewhere to access and learn from Israeli technologies and expertise. Likewise, the Administration plans to continue funding the CDR program, which supports collaborative research between Israeli and USAID-funded countries worldwide, particularly Central/Eastern Europe and Central Asia.

[Answer Incorporates Information as of June 7, 1995]

Question. When Vice President Gore visited Egypt recently, he discussed with President Mubarak a "partnership for growth," that would eventually seem to replace the current aid Egypt now receives. What are the broad lines of the "partnership for growth" that the Administration envisions to replace the grant aid relationship the United States has had with Egypt? How dependent will such a program be on foreign investment in Egypt? What steps can the Egyptians take to create a more favorable climate for investment?

Answer. Vice President Gore, on behalf of President Clinton, and Egyptian President Hosni Mubarak announced on March 20, 1995, in Cairo the inauguration of the Partnership for Economic Growth and Development which represents an important step in building an enhanced economic relationship between Egypt and the United States. The underlying goals of this new partnership are: to promote economic growth and job creation: to increase the role of the private sector in the Egyptian economy; and to foster continued economic reform in Egypt, thereby multiplying the positive effect of U.S. assistance programs. This reflects the view that job creation and economic opportunities in the private sector are critical to Egypt's long-term economic stability and the well-being of the Egyptian people.

The partnership represents a significant step forward in our efforts to build a more broad-based and mature economic relationship that widens the scope of trade, investment, and private sector cooperation while enhancing our continuing economic assistance program for the greater benefit of both the Egyptian and American private sectors.

The working elements of the partnership are:

—a Joint Committee for Economic Growth to carry on the government-to-government dialogue;

—a Joint Science and Technology Board to implement a new bilateral Science and Technology agreement; and

—a Presidents' Council of private sector executives to advise the two governments on ways to remove barriers to private sector growth and cooperation.

The Joint Committee for Economic Growth, which convened for the first time on March 20 in Cairo, is scheduled to meet approximately every six months. It is supported by three specialized Sub-Committees covering: (1) economic policy trade, investment, and external finance; this sub-committee had its first organizational meeting in Washington June 1; (2) technology and human resource development; and (3) sustainable development and the environment.

The Presidents' Council, comprised of 15 senior business executives from each country chosen by their respective president, held its first meeting in Washington April 5.

The partnership involves no new funding commitments by the United States. We place great importance on the policy environment, and we believe that it is a critical element to sustained economic growth in Egypt.

[Answer Incorporates Information Available as of May 31, 1995]

EGYPT

Question. There is currently a good deal of unrest in Egypt owing to terrorism by Egyptian Islamic fundamentalist groups. Egypt believes that these radicals are receiving assistance from outside interests. How much external support do you believe is being provided to Egyptian Islamic fundamentalist groups? Is such support crucial to the continuation of the cycle of violence by fundamentalist groups? How do you think the Egyptian Government can best handle the dilemma inherent in attempting to.contain this violence while avoiding serious violations of human rights? What significant differences, if any, do you 'see in U.S. and Egyptian policies on Middle East regional issues? How extensive are the differences over Libya? Have the U.S. and Egypt discussed any proposal for a compromise arrangement that would permit relaxation of sanctions imposed against Libya for its alleged role in the explosion of Pan Am 103?

Answer. While the claims of the Egyptian government that Islamist terrorists receive funding from abroad are credible, we do not know the extent of the amounts involved. Of course, any financial or material support these terrorists receive contributes to their ability to' sustain their terrorist capabilities within Egypt and contributes to the cycle of violence there.

The best defense against increased violence is a transparent legal system. We continue to raise at the highest levels of the Egyptian government U.S. concerns for human rights, and we recognize that the Egyptian government's task is not an easy one. Our human rights dialogue nevertheless strongly urges the Egyptians to fight terrorism within the rule of law.

The U.S. and Egypt are partners in the peace process. We work closely with Egypt on the full range of Middle East issues. Egypt maintains a working relationship with Libya for geographic, security, and economic reasons. Libya is Egypt's neighbor. Relations between Egypt and Libya have not always been good, and Qadhafi could, if he chose, allow extremists to use Libya as a base to launch attacks to undermine the Egyptian government. The Egyptians believe that their current relationship with Qadhafi has served to moderate his behavior. We disagree on this. U.S. policy on the Pan Am 103 bombing remains constant. Qadhafi must comply fully with the terms of the relevant UNSC resolutions. Egypt knows that the U.S. will not compromise on this fundamental principle. The U.S. believes that sanctions against Qadhafi should be strengthened, not weakened.

Question. For quite some time, Egypt has stated its refusal to extend its support for indefinite extension of the Nuclear Nonproliferation Treaty, unless Israel takes a "concrete step" with respect to its nuclear program, such as agreeing to the pact in principle and opening its nuclear facilities for international inspection. What are your views on the results of the NPT Extension Conference?

Answer. We are pleased with the decision of the parties to the treaty to extend it indefinitely and without conditions. The decision to extend the treaty indefinitely will serve as a useful foundation for pursuing other nuclear nonproliferation objectives, including in the Middle East.

JORDAN

Question. Jordanian officials have said full U.S. debt relief would set an important precedent that could influence other creditors to cancel remaining portions of Jordan's overall foreign debt (estimated at $6.2 billion). Do you agree with this assessment? Does the Administration plan to further encourage other creditor nations to offer debt relief to Jordan or compensating grants in the case of a creditor like Japan?

Answer. Since August 1994, when Congress authorized full forgiveness of Jordan's debt to the U.S., the Administration has urged Jordan's other creditors to follow suit. The President wrote to Jordan's Paris Club creditors urging them to take steps, beyond those taken in the Paris Club, to forgive or reduce Jordan's debt. We have approached a number of Jordan's G–7 creditors on a bilateral basis to urge further action on debt relief, including Japan. We have approached the Government of Japan to urge an extension of concessional credit and increased grant assistance. The Administration believes it is important for the international community to demonstrate support for Jordan's role in the peace process by alleviating Jordan's high debt burden.

Question. Jordan's economic difficulties include a high debt burden and some 20% unemployment. How do you assess the present state of the Jordanian economy? Do you believe this difficult situation contributes to opposition on the part of some Jordanians to the peace treaty with Israel? What approaches would the Administration recommend for increasing foreign investment in Jordan?

Answer. Jordan's resource-poor, small economy has suffered a number of setbacks in the aftermath of the Gulf War. Jordan has undertaken a number of important economic reforms and is satisfactorily meeting its IMF targets. Jordanian expectations for the benefits of peace with Israel have been high. The perceived lack of any improvement in the economic situation has contributed to the increasingly sour mood in Jordan with respect to the peace process. The Administration believes it is crucial to provide tangible support for' the risks Jordan has taken for peace.

The Middle East/North Africa Economic Summit to be held in Amman this fall will provide the Jordanians with an important opportunity to showcase the progress they have made with economic reform. We have encouraged the Government of Jordan to conclude a Bilateral Investment Treaty and an Intellectual Property Rights agreement with the U.S. as further proof to investors that Jordan is a hospitable environment for foreign companies. We have also urged the Jordanians to explore public/private sector partnerships to spur economic development.

Question. The Administration has requested an increase in assistance to Jordan for FY96. What other follow-on aid has Jordan requested from the Administration? What are Jordan's most pressing needs in the areas of economic assistance and military assistance? What are Jordan's plans for military modernization? Does the Administration plan to act on a rumored request by Jordan for some $800 million–$1 billion in military assistance?

Answer. The Government of Jordan has expressed its hopes for an increase in the level of U.S. economic and security assistance. On the economic front, easing Jordan's high debt burden is the first priority. Jordan also needs help with export enhancement and water resources management and development, areas that currently receive the majority of our Economic Support Funds (ESF).

On the military side, Jordanian Armed Forces (JAF) readiness is rapidly declining due to obsolete equipment and spare parts. Last year, the JAF, in conjunction with the British Ministry of Defense, undertook a full review of JAF needs and mission. On the basis of that study, the JAF is restructuring to a lighter, mobile force focused primarily on border and internal security. A U.S. Department of Defense team that visited Jordan in August 1994 discovered severe deficiencies in the JAF's ability to sustain existing forces The Administration requested additional Foreign Military Financing (FMF) funds for FY 96 to help Jordan meet some of its most critical, short-term needs. Many long-term, crucial gaps remain.

We are seriously considering how to meet some of Jordan's security needs and how to support the " restructuring. We will consult closely with Congress as we consider various options.

Question. In January, a news report stated that King Hussein had written to President Clinton, requesting $25 billion in id assistance over ten years. Is there any credence to this report? Does the Administration envision a "partnership in growth" arrangement for Jordan like the one recently proposed for Egypt?

Answer. King Hussein took enormous risks for peace when he signed the peace treaty with Israel. In a letter to President Clinton, he expressed his hopes for a substantial amount of security assistance to support the risks Jordan had taken for peace.

We are looking at ways to support Jordan and to provide tangible benefits of peace. This includes full forgiveness of the remainder of Jordan's debt to the U.S., additional Foreign Military Financing (FMF) as requested in the Administration's FY 96 budget request, and may include additional economic and' security assistance. We will consult closely with Congress as we explore various options.

IRAQ

Question. Differences within the U.N. Security Council over sanctions on Iraq have widened in the last six months. To what does the United States attribute French and Russian willingness to lift the ban on imports from Iraq? What is the U.S. response to their arguments that Iraq might end its cooperation with the U.N. Special Commission (UNSCOM) if it does not get a clear indication that compliance will result in an easing of sanctions? Is the United States concerned that a continued hard line might cause some countries to violate the sanctions regime unilaterally?

Answer. There are a number of factors behind the French and Russian position on Iraq sanctions. The humanitarian situation in Iraq is increasingly difficult, and the French and Russians would like to see sanctions lifted or eased in order to reduce this suffering. We view this understandable motivation as misguided. First, sanctions are not causing the suffering, since food and medicine are exempt. Saddam bears responsibility because' of his failure to take the steps necessary to allow the free flow of humanitarian goods. Second, Saddam would manipulate any easing of sanctions primarily to benefit himself, not the Iraqi people.

We take the work of UNSCOM very seriously, and any Iraqi interference with UNSCOM would be a very grave matter. The Security Council can not be intimidated by Iraqi threats against UNSCOM. Were the Council to cave in to Iraqi demands under such circumstances, the authority of both the U.N. and UNSCOM would be severely undermined. Were Saddam to get the impression he could manipulate the Council in such a way, UNSCOM's work would become impossible. We can not let the Iraqi regime use threats to dictate the terms of its compliance.

We have no evidence to suggest that any country will unilaterally abandon the sanctions regime.

Question. UNSCOM has reported that it has discovered and effectively dismantled Iraq's weapons of mass destruction programs. Does the United States share that assessment? Does the United States believe that Iraq currently has any active weapons of mass destruction programs?

Answer. UNSCOM's diligence in pursuing its mandate in the face of Iraqi deception and delay is impressive. Ambassador Ekeus and his team deserve high praise.

UNSCOM has not completed its work regarding Iraqi weapons of mass destruction (WMD). Ambassador Ekeus made clear in his most recent report that Iraq continues to refuse to make a full accounting for its past biological weapons program. There are also outstanding questions in the chemical weapons area.

We are not aware of any currently active Iraqi WMD programs. That said, it is also clear that UNSCOM's efforts have restrained, but by no means eliminated, Saddam's ambitions to acquire such weapons. Given the opportunity, we believe Iraq would restart its WMD programs immediately.

Question. Although all the Persian Gulf monarchies backed continued sanctions at the March meeting in Saudi Arabia with Secretary of State Christopher, some of the Gulf states appear to be weakening in their support for the sanctions. Qatar and Oman hosted visits by Iraq's Foreign Minister and sent lower level representation to the meeting with Christopher. How does the United States assess the attitudes of the Gulf states toward the sanctions? Would a softening of Gulf state positions complicate U.S. efforts to maintain tight sanctions on Iraq?

Answer. The U.S. consults closely with our Gulf partners, separately and as a group, on policy toward Iraq and the maintenance of the sanctions regime, including the recent meeting of Secretary Christopher with the representatives of the GCC member states in Jeddah. We are confident that the views of the GCC states are consistent with our own perception that there should be no change in the sanctions regime until the Government of Iraq implements fully all relevant UN resolutions. The Iraqi regime has thus far clearly failed to do so.

We have discussed with our interlocutors in the Gulf our shared concerns about the effect of Saddam's continuing noncompliance with UN resolutions on the Iraqi people. As a result, the U.S., in close cooperation with our friends in the Gulf, particularly Oman, recently worked in the Security Council for passage of a new resolution, UNSCR 986, which provides the means for the Government of Iraq to meet the humanitarian needs of its people. Iraq's refusal to implement the resolution demonstrates to all observers that it is the Iraqi government itself, and not UN actions, which is responsible for the suffering of the Iraqi people.

Close consultation with our friends in the region will remain a central element in the implementation of our Iraq policy. We are confident that these consultations will ensure that the U.S. and the Gulf states continue to agree on that policy and on the means necessary to achieve our shared objectives of regional security and stability. We and the Gulf states agree that achievement of that objective must in-

clude clear indications to Iraq that it will not be able to rejoin the international community until such time as it demonstrates its commitment to live at peace with its neighbors and with its own people.

Question. Some have said that the intent of U.S. policy is to keep sanctions in place until Saddam is overthrown, and that Iraqi compliance with U.N. resolutions is secondary. What does the United States see as the primary objective of U.N. sanctions on Iraq? What is the U.S. assessment of Saddam's political position within Iraq? Does the United States believe a coordinated coup attempt, involving an attempted assassination of Saddam's son, Uday, took place recently?

Answer. Our policy is to see Iraq comply fully with all Security Council resolutions. When Iraq is in overall compliance with all Council resolutions, but not before, we will be ready to discuss modifying the sanctions regime.

The severe economic deterioration which Iraq has experienced has resulted in spiraling inflation and increased corruption and crime, according to travelers, diplomats, and Iraqis outside the country. With increasing desperation, the regime has resorted to drastic punishments, including disfigurement and execution, to deter the growing lawlessness.

Of greater significance to Saddam's overall security is the pattern of shrinking support for the regime from its traditional bases of power. We have seen reports of intensifying conflict between Saddam Hussein Al-Tikriti's extended family clan and other prominent families. For example, last June the regime clamped down violently on the prominent Al-Duri clan, long among the staunchest supporters of his regime.

There may have been another plot against Saddam late last year involving members of the Al-Dulaim tribe. A general, who commanded an air base north of Baghdad, reportedly was executed recently. The reports received have included indications that some Tikritis—from Saddam's home town—have been involved in coup plots and are targets of execution. We have seen the same reports regarding an attack on Uday that you have seen; we have no way to verify them.

While a pattern of shrinking loyalty to the regime is appearing, fear and repression still keep Saddam in power. Rising discontent places greater strain on Saddam's security apparatus. It is not possible to predict how much longer Saddam's brutal regime will last, though it is apparent that he is being tested on many fronts.

Question. Sporadic fighting and tensions continue between the Iraqi the Kurdish Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). In January 1995, the United States sent a State Department official to try to mediate an end to the conflict. There also have been clashes between the Kurds and Iraqi forces south of the 36th parallel (the Provide Comfort no-fly zone). Has the infighting between the major Kurdish parties affected the U.S. commitment to continue the Provide Comfort operation and humanitarian assistance for northern Iraq? How much aid does the United States estimate it will provide the Kurds for FY 1995? For FY 1996? What would the United States and its allies do, if anything, if Iraqi forces were to attack the Kurds north of the 36th parallel? Or anywhere in Iraq?

Answer. U.S. policy toward Iraq aims at achieving Iraqi compliance with UN Security Council resolutions, including resolution 688. That resolution demanded that Iraq cease repression of its own people and allow unrestricted access by international relief workers to all those in need in all parts of Iraq. To that end the U.S. participates in Operation Provide Comfort with coalition partners Turkey, France, and the United Kingdom.

We believe that Provide Comfort continues to achieve its twin objectives of deterring Iraqi aggression and providing humanitarian assistance to the northern populations. The mission remains a critical cornerstone of our overall Iraq policy and is consistent with that policy.

We are of course adamantly opposed to the intra-Xurdish fighting, which has occasionally disrupted relief deliveries. However, for the most part the program has continued unimpeded by the fighting.. We anticipate spending about $30 million in northern Iraq this fiscal year, and about the same in FY96.

We would view an Iraqi offensive against the Kurds as very serious. The Iraqi Government would be making a grave mistake were it to think it could move with impunity against the Kurds.

Question. The U.N. Security Council is considering a new resolution which would modify the U.N. limited oil sale plan outlined in Resolutions 706 and 712. According to press reports, the new plan would allow Iraq to sell more than the $1.6 billion in oil approved in 706 and 712, and the proceeds would be subject to less intrusive monitoring by the United Nations than under the current plan. Is Iraq likely to accept the new plan or to try to achieve a total lifting of the ban on its exports? Could Iraq take the reported new oil sale plan as a sign the Security Council is concerned

about the humanitarian consequences of continuing the ban on Iraqi exports? If so, would this make Iraq more likely to push for a lifting of the export ban altogether?

Answer. All indications are that Iraq will refuse to implement Resolution 986, which passed the Council unanimously on April 14. Regardless of whether it accepts a new "oil for food" plan, the regime will continue to press hard for sanctions to be lifted.

The Council is concerned by the humanitarian situation in Iraq, but Council members also realize that responsibility for this situation lies with Saddam Hussein. The passage 986 has not increased the chances of a total lifting of sanctions. If anything, it will has had the opposite effect: having provided Iraq the means to resolve its immediate humanitarian problems, the Council will be even firmer on its insistence of full Iraqi compliance prior to a lifting of sanctions.

Question. Last month two American contract workers inadvertently strayed across Kuwait's border with Iraq, and were arrested for entering Iraq unlawfully. They received 8-year sentences and have appealed to the Iraqi High Court. Since we do not have diplomatic relations with Iraq, Poland is representing our interests regarding these two men. What is the United States doing to obtain the release of these men? When do you think they will be released? Has the United States linked their release to consideration of lifting the ban on Iraqi oil exports?

Answer. We remain very concerned about Mr. Barloon and Mr. Daliberti. We continue to press the Iraqi government for their immediate, unconditional release on humanitarian grounds. We have asked some of our friends to do the same, and they have done so. We have made clear to the Iraqis that we will not accept any attempt to link this case to any other issue. The regime should not believe it can use the continued detention of these men to wrest concessions from the U.S. on other issues.

Question. Turkey believes that a power vacuum in northern Iraq created by the no-fly zone and a split between Iraqi Kurdish groups enabled the PKK to establish a strong base in northern Iraq, and responded recently with its full-force incursion into northern Iraq in order to deter the PKK. What are the relations between the PKK and the Iraqi Kurds? Does the Administration concur in or disagree with Turkey's assessment of the situation in northern Iraq? Does the Administration endorse Turkey's operation in northern Iraq? What limits are there to the Administration's deference to Ankara regarding the operation? What is the current estimate of the duration of the operation?

Answer. The PKK has taken advantage of the unusual situation in northern Iraq. There has been no central government authority in northern Iraq since late 1991. Internecine fighting among the Kurds over the last year has exacerbated the problem.

In the absence of central authority in the north, only the Iraqi Kurds can presently control the border and prevent PKK terrorists from infiltrating into Iraq. We and Turkey agree that, in order for them to do so, they must stop their infighting. The U.S. and Turkey are renewing efforts to bring the intra-Kurdish violence in northern Iraq to a halt.

The purpose of the recent Turkish incursion across the border was to root out terrorist guerrillas of the PKK who have sought safe haven in northern Iraq. The Turkish operation was not aimed at non-combatant Kurds in northern Iraq. The Turkish Government assured us that it is did everything possible to limit the scope and duration of the operations, to protect civilians, and to observe international standards of human rights. Our judgment is that they have generally lived up to those commitments.

The Turkish Government announced an end to the operation on May 2.

Question. Prime Minister Ciller suggested that an international solution may be required for a problem created by the international community, i.e. the power vacuum in northern Iraq. Are the Administration and its European allies prepared to offer a solution to Turkey to obviate its perceived need for military action? Has Turkey violated international law by violating Iraq's sovereignty? Does Turkey have a legitimate right to hot pursuit? What are the limits to the exercise of that right? Has Turkey's use of force been proportional to the threat? Civilian casualties have been reported. How does the Administration view the rights of civilians in this situation?

Answer. We believe that, given the political reality in northern Iraq, only the Iraqi Kurds presently have the ability to police the border between Iraq and Turkey. We are urging continued efforts by both the KDP and the PUK to work with the Turkish Government to secure the border. It is essential that both Kurdish groups cooperate with the Turkish authorities in this regard. We are prepared to cooperate with the Kurds and with Turkey to find ways to restore peace, security and stability to northern Iraq.

Under international law, a country has the right to use force to protect itself from unlawful attacks from a neighboring country if the neighboring state is unwilling or unable to prevent the use of its territories for such attack. That right, flowing from the right of self-defense, is limited to such use of force as is necessary and appropriate to protect itself.

We accept the Government of Turkey's view that its operations were necessary to prevent or terminate PKK attacks on Turkey. We believe the incursion was undertaken as a legitimate exercise of the right of self-defense. Moreover, given the vast territory and the rugged terrain, we believe that the Turks did not deploy excessive force to meet their objectives, and that their operations were proportionate in scope, duration, and intensity to the threat posed.

Throughout the duration of the operations, we made clear to the Turkish Government our strong view that non-combatants should be protected and that international human rights norms should be observed. We are aware of a very few reports of civilian casualties associated with the Turkish operations. However, we have no evidence that Turkish units deliberately targeted noncombatants or destroyed their property. We believe the Turkish Government made every effort to direct its operations against the PKK and to limit collateral casualties.

Question. Some in Turkey want a written U.S. assurance that the United States does not support an independent Kurdish state in northern Iraq. Would the Administration consider providing such assurances? Do you believe this would lead to an early Turkish withdrawal?

Answer. We do not believe we need to provide written assurances to the Turkish Government regarding our intentions in northern Iraq. We devote substantial effort to regular consultations with the Government of Turkey on the subjects of northern Iraq, the Kurds, and Operation Provide Comfort.

Most recently, a U.S. delegation traveled to Ankara in May to discuss Iraq issues with the Government of Turkey. At that time we once again reiterated our full support for the territorial integrity of Iraq and of Turkey, respectively. We also reiterated our longstanding policy that we do not support the formation of an independent Kurdish state.

IRAN

Question. During a trip to the Persian Gulf in March 1995, Secretary of Defense Perry indicated that Iran's military buildup in the Strait of Hormuz might be beyond what is required for defense. Has the Administration recently altered its characterization of the threat Iran poses to U.S. interests? Does the United States consider Iran's reported buildup in the Gulf to be offensive or defensive? What actions, if any, is the administration considering if Iran continues to introduce potentially destabilizing systems into or around the Strait of Hormuz?

Answer. Last fall, Iran initiated a military build-up in the Persian Gulf. We judge Iran's activities to have been defensive, in response to a perceived threat from Operation Vigilant Warrior (established to counter Saddam Hussein's October feint toward Kuwait), although the build-up did increase Iran's capability to harass commercial traffic.

We recently concluded that Iran's build-up has peaked. Since March, a draw down of Iranian military personnel has occurred.

The Persian Gulf is an area of vital strategic importance to the United States. We will continue to closely monitor and evaluate activities in the region.

[Answer Incorporates Information as of June 20, 1995]

Question. The Administration testified before the Senate Foreign Relations Committee on March 2, 1995 that it was reviewing an initial determination that no laws require sanctions against Russia for its agreement to sell nuclear reactors to Iran. Does the Administration support sanctions against Russia if the deal goes through? If not, why not? Are any sanctions being considered in response to Russia's transfers to Iran of Kilo-class submarines, MiG–29 and Su–24 aircraft, and T–72 tanks?

Answer. *Proposed Nuclear Transfer.*—We are strongly opposed to all nuclear cooperation with Iran because of Iran's efforts to develop a nuclear weapons capability. We continue to urge Russia to cancel its agreement to sell Iran a nuclear power reactor. President Clinton raised this issue with President Yeltsin at the Moscow Summit in May and again at the G–7 Summit in Halifax this month. In Halifax, the other G–7 states also affirmed their policies of banning sales of nuclear reactors to Iran. The issue will be a key topic of discussion between Vice President Gore and Russian Prime Minister Chernomyrdin at their upcoming meetings in Moscow.

We have thoroughly reviewed the proposed sale of Russian power reactors to Iran in light of the Iran-Iraq Arms Non-Proliferation Act of 1992 (the "Iran-Iraq Act"),

as well as other relevant sanctions laws. Based on the information currently available concerning this proposed sale, we have identified no sanctions mandated against Russia under U.S. law.

The Iran-Iraq Act addresses three general categories of sanctions. First, it establishes new restrictions on exports to Iran from the United States—restrictions that do not apply to exports from other countries, such as Russia. The Administration has fully implemented these restrictions on U.S. exports to Iran. Second, it directs the President to impose the sanctions provided in other statutes with respect to foreign, governments or persons that assist Iran or Iraq in acquiring weapons of mass destruction or their means of delivery. Third, it establishes sanctions against foreign governments or persons that engage in transfers of destabilizing numbers and types of advanced conventional weapons.

Because the first and third categories of sanctions are not applicable to the proposed sale, we have reviewed the matter under the second category of sanctions contained in the Iran-Iraq Act. In such instances,, the Iran-Iraq Act specifies that the sanctions provided for in other statutes should be applied.

Senator McCain has cited Section 498A(b) of the Foreign Assistance Act of 1961, as amended, which prohibits assistance to the government of any independent state of the former Soviet Union that knowingly transfers to another country any material, equipment, or technology that would contribute significantly to the ability of such country to manufacture any weapon of mass destruction (including nuclear, chemical, and biological weapons), if it is determined that the material, equipment, or technology was to be used by such country in the manufacture of such weapons. The sanction in Section 498A(b) applies when it is determined that a country "has knowingly transferred" the relevant material, equipment, or technology. To the best of our knowledge, Russia has not actually transferred relevant material, equipment, or technology to Iran.

Until a relevant transfer is found to have taken place, there is no basis for considering the application of this sanction. U.S. sanctions laws are structured to penalize activities closely related to nuclear weapons development. These sanctions apply whether or not the activity is carried out by an NPT party.

While we have not generally treated the provision of reactors for electricity generation under safeguards as sanctionable, we will closely monitor the activities of both Russia and Iran and will thoroughly evaluate the applicability of sanctions under Section 498A(b) if and when a relevant transfer to Iran actually occurs. We share your view concerning Iran's lack of commitment to the NPT and therefore will continue our extensive effort to persuade the world community not to engage in nuclear cooperation of any kind with Iran.

In this regard, we note the remarks made by Canadian Prime Minister Chretien at the conclusion of the G–7 Summit in Halifax. He made clear that, unlike Russia, all G–7 countries have banned transfers to Iran of nuclear reactors or associated activities out of concern that such cooperation could be misused by Iran for its weapons program.

Arms Transfers.—We have reviewed Russia's transfers to Iran of Kilo-class submarines, T–72 tanks, and Su-24 and MiG–29 aircraft in light of the Iran-Iraq Arms Act and sections 563 and 573 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act for FY 1995 and FY 1994 (the "Foreign Operations Acts"), respectively. As explained above, the Iran-Iraq Act includes three categories of sanctions. We reviewed the transfers in question under the third category, which establishes sanctions against foreign governments or persons that engage in transfers of goods and technology so as to knowingly and materially contribute to efforts by Iran or Iraq to acquire destabilizing numbers and types of advanced conventional weapons. These sanctions apply to transfers after October 23, 1992, the date the Iran-Iraq Act was enacted.

Each of the relevant provisions in the Foreign Operations Acts prohibit the use of funds made available under the applicable Act to any foreign government that provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of Section 40(d) of the Arms Export Control Act. Each provision applies with respect to lethal military equipment provided under a contract entered into after the date of the applicable Act. The FY 1994 Act was enacted on September 30, 1993; the FY 1995 Act was enacted on August 23, 1994.

Our review has determined that the transfers of the Kilo-class submarines, T–72 tanks, and Su-24 and MiG–29 aircraft (with the exception of one MiG–29) occurred prior to the effective date of the Iran-Iraq Act or did not involve "advanced conventional weapons" as stipulated in that Act. We have been unable to determine that these transfers were made pursuant to contracts entered into after the applicable dates under the Foreign Operations Acts.

With regard to our review of the transfer of one MiG–29 aircraft, we would be pleased to provide additional information in a classified briefing. Other information about reviews of arms transfers under the Iran-Iraq Act may be found in the classified report we submitted to Congress in December 1994, pursuant to Section 1607 of the Iran-Iraq Act.

We share your concerns about Iran's military build-up. The Administration has been engaged in sustained, high-level diplomacy to get Russia to stop selling arms to Iran. We have stressed to Russian officials that our shared security interests make it imperative that we work together to control the spread of conventional arms and sensitive dual-use technologies to countries of concern and regions of instability.

At the September 1994 Summit, President Yeltsin pledged that Russia would not enter into any new arms contracts with Iran. Since then, the U.S. and Russia have exchanged information on Russia's existing contracts with Iran and have sought to clarify the scope of Yeltsin's pledge. At the Moscow Summit in May, the Presidents directed Vice-President Gore and Russian Prime Minister Chernomyrdin to finalize resolution of this issue by the end of June.

Question. Questions continue over the degree of Iranian involvement with radical Islamic groups in the Middle East, such as HAMAS, the Islamic Group in Egypt, the Armed Islamic Group in Algeria, Hezbollah, and similar organizations. What is the United States' understanding of Iran's involvement in or control over these movements? To what, extent, if any, are some or all of these groups funded by Iran?

Answer. Iran provides weapons, funding, and training to violent groups opposed to the peace process, including Hezballah, HAMAS, Palestinian Islamic Jihad and the PFLP–GC. Funding to all these groups amounts as much as least $100 million a year. Iran helped create Hezballah, which it has used to advance its terrorist agenda in Lebanon and beyond. The Iranian regime retains significant influence with it, by virtue of continued provision of arms, money, training and guidance. The radical Palestinian groups were not created by Iran and are less subject to Iranian control, but Tehran is seeking to increase its influence with them through its financial support and training.

Violent Islamic groups in Egypt and Algeria were not created by Iran, and derive most of their funding from non-Iranian sources. Iran would like to increase its influence with these groups, too, but often finds that the groups are hostile to non-Arabs and non-Sunnis.

Question. Continuing speculation exists over the pace at which Iran seeks a threatening nuclear capability. Were Iran to obtain this capability1 would the United States support a strike against it, or conduct a military action of its own against Iranian nuclear facilities? What specific steps has the United States taken to slow Iran's nuclear program?

Answer. The U.S. has long had a policy of not engaging in any nuclear cooperation with Iran. Under the terms of the Iran-Iraq Arms Non-Proliferation Act, no licensable good can be exported to Iran, including items that could further Iran's nuclear program.

We have repeatedly urged other nuclear supplier states not to sell nuclear technology, equipment or materials to Iran. Most nuclear suppliers, including our major allies, have assured us that they will not engage in nuclear cooperation with Iran, even under international safeguards, with Russia and China being notable exceptions.

China has announced its intention to sell Iran two nuclear power reactors. Russia has also agreed to sell nuclear power reactors and has discussed selling other forms of technology to Iran. Neither sale has been completed, and we continue, including at high levels, our efforts to dissuade these two countries from providing any form of nuclear assistance to Iran.

We cannot address a hypothetical question involving military situations.

Question. I understand that the Administration is currently reviewing its policy toward Iran. In light of the new policy change involving President Clinton's executive order prohibiting Conoco's Dutch subsidiary from entering into a $1 billion deal with Iran, what areas of additional sanctions against Iran is the Administration exploring? Has tee Administration taken a position yet on legislation designed to restrict further U.S. trade with Iran? What does the Administration see as the strengths and weaknesses of these proposals? Is the Administration considering any new sanctions on Iran, by executive order or otherwise, such as a ban on U.S. oil companies' trading Iranian oil overseas?

Answer. President Clinton signed an Executive Order May 6 imposing significant new economic sanctions on Iran. Responding to that country's sponsorship of international terrorism and its active pursuit of weapons of mass destruction, the new sanctions prohibit trade with Iran, as well as trade financing, loans, and related financial services. New investment in Iran is also prohibited.

The new sanctions go beyond the prohibitions on the import of goods and services of Iranian origin which have been in place since 1987, the export prohibitions in effect prior to this Executive Order, and the additional prohibitions imposed on March 15, 1995, with respect to the development of Iran's petroleum resources.

The President's decision to impose new sanctions underscores our opposition to the actions and policies of the Government of Iran, particularly its support for international terrorism and its efforts to obtain materials and assistance critical to the development of nuclear weapons.

Question. Despite U.S. efforts through its policy of containment of Iran, our allies in Europe and Japan continue to do extensive business with Iran, and-large loans have been rescheduled. To what extent does the United States view the reluctance of Europe and Japan to join the United States in containing Iran economically? What are the strengths and weaknesses of their position that dialogue and trade with Iran might modify Iranian behavior better than containment and isolation of that country?

Answer. Our allies share our view that we should try to change Iran's objectionable behavior—including its support for terrorism and pursuit of weapons of mass destruction. Many of our partners, however, believe that Iran's behavior can best be changed by bolstering so-called moderates in the regime with constructive engagement. Several of our allies also have considerable commercial interests in Iran, or hold Iranian official debt. These factors also influence their policies.

Advocates of constructive engagement often call President Rafsanjani and his followers "moderates." Rafsanjani and his opponents do struggle, in public and in private, over internal issues like liberalization of the economy. However, we have seen no evidence that there are substantive differences within the Iranian regime over the Iranian policies which most affect our interests, such as Iran's support for terrorists or Iranian WMD programs.

Some allies claim that constructive engagement, and inducements such as official credit, will change Iran's behavior. We have no objection to dialogue. However, the U.S. believes that Iran will have no reason to change its behavior until it feels more international pressure.

[Answer Incorporates Information as of June 5, 1995]

ASSISTANCE TO THE PALESTINIANS—GENERAL

Question. Given the extent of the needs in Gaza/Jericho, do you think it will ever be economically viable? Based on estimates, how long will the donor nations be asked to provide funding for the Palestinian entity?

Has the World Bank done a study of how much it would cost to ins.tall infrastructure, such as sewers, electricity, telephones, roads, in the Gaza Strip? Are those estimates based on certain population assumptions? Can any Palestinian entity support a mass migration to self-rule areas of refugees currently residing in other areas?

We haven't heard much lately about PECDAR, the Palestinian Economic Development organization. Is it the official Palestinian recipient of foreign assistance? How much influence does PLO Chairman Yasser Arafat still retain regarding foreign assistance projects?

Answer. It is extremely unlikely that Gaza-Jericho could survive in the medium-term as a viable economic entity. There are no estimates of the period the Palestinian Authority will require external assistance. The World Bank produced in early 1994 a three-year $1.2 billion Emergency Assistance Program (EAP) for the West Bank and Gaza, with the first of four tranches totalling $600 million to rehabilitate (rather than construct anew) existing infrastructure in the water, transport, power, education, agriculture, telecommunications, housing and health sectors. Of the $600 million, $234 million was earmarked for Gaza. As this was a three-year projection, the Bank likely based its figures on the population growth rate in Gaza at the time. Israel and the PLO agreed in the Declaration of Principles that the subject of refugees should be covered in the negotiations on permanent status issues which are slated to begin next year. We anticipate that the ability of any Palestinian entity to absorb a population influx would factor into these negotiations.

PECDAR is the official Palestinian recipient of foreign assistance, with overall authority for managing both the Holst Fund (in close cooperation with the Ministry of Finance) and the multilateral investment projects. Some donors also work directly with PECDAR to channel bilateral funding. PLO Chairman Yasser Arafat's involvement in the donor effort is considerable and reflects the importance of that effort as a means to stimulate overall economic development of the West Bank and Gaza.

Question. The Palestinian Authority is collecting taxes in Gaza/Jericho and also is receiving tax receipts from Israel. What are the estimates of how much the PA

can be expected to collect? How much has it collected to date? How much has Israel remitted? How much does the Palestinian Authority need to collect in order to cover operating expenses without having to receive monies from the Holst Fund?

According to the World Bank, the Holst Fund, which was established by the World Bank to provide funds to the Palestinian Authority, is depleted. How much of our aid did the U.S. channel to the Holst Fund? Has the United States remitted its pledged amount? What has the United States done to encourage other nations to meet their pledges?

What mechanisms are in place to monitor the spending Of the World Bank Holst Fund contributions to the Palestinian Authority?

Answer. The PA budget, developed with assistance of the IMF and presented to donors in Paris in April, projects PA revenues of $216 million for 1995, with domestic tax revenue projected at $85 million, revenue clearances from Israel at $99 million, and domestic nontax revenue at $32 million. For the period October 1994–January 1995, projected revenues (including Israeli transfers) were $36.54 million, with actual receipts totalling $46.12 million.

As of May 25, 1995, Israel had remitted a total of NIS 209.6 million to the PA since the Cairo Agreement took effect in May 1994. ($1.00 = approximately 3 NIS). To cover completely its expenses and thus eliminate its reliance on the Holst Fund, the PA would have to collect total revenues in 1995 of $444 million (including expected receipts from Israel).

As of June 5, the U.S had transferred $40 million in FY 94/95 funds to the World Bank's Holst Fund for salaries. The U.S. has pledged an additional $2 million to the Holst Fund for calendar year 1995. Donors have contributed a total of $108 million to the Holst Fund, much of it in response to U.S. fundraising efforts.

The World Bank replenishes PA accounts on a monthly basis based on PA documentation of expenditures in certain categories. The accounting firm Touche Ross, Saba and Company has conducted standard accounting procedures, which include random spot checks of 10–25% of the receipts submitted by the PA. It verifies eligible expenditures based on criteria established by the World Bank and agreed by all contributors. Every contract valued over $25,000 is individually audited. The Bank submits monthly reports on the Holst Fund to contributing donors. Thus far, only payments for civil servant payrolls and office equipment, installation and moving expenses have been reimbursed.

Question. If What is the progress of economic discussions between the Israelis and Palestinians that involve the Jordanians? Is there still active discussion of a federation between Jordan and the Palestinian entity? Does the United States favor or oppose a Palestinian-Jordan union of this kind?

Answer. Israel and the Palestinians recently agreed to ease passage of goods across the Allenby bridge. We are not, aware of any bilateral discussion between Jordan and the Palestinians regarding federation. The U.S. cannot speculate on any arrangement that might emerge from such hypothetical discussions.

Question. What procedures exist in Gaza/Jericho for granting permits, issuing licenses, establishing codes, and conducting inspections of construction projects in Gaza and Jericho? Does the United States insist that certain standards be established and met for the projects it finances?

Answer. Construction' projects using USAID funds are supervised by American contractors who verify design and specifications, make regular site inspections, review reports and insure sound construction standards. For example, the firm Louis Berger provides on-site design, engineering, and implementation monitoring for the Gaza Housing Project under which 192 apartment units are being built by one American and three local construction firms.

ASSISTANCE TO THE PALESTINIANS—U.S. ASSISTANCE

Question. Because of our five-year, $500 million pledge, has the United States changed the distribution pattern of its assistance to the Palestinians; that is, changing from long term infrastructure development to annual payments for operations?

Who approves projects for USAID funding in Gaza/Jericho? Who makes the decision whether to fund long-term infrastructure projects or short-term projects?

Does the United States have AID officials monitoring, Palestinian Authority spending of U.S. foreign assistance? Where are the personnel located? How often do they visit Gaza/Jericho or other areas?

What monitoring mechanisms does the United States have in place to ensure that no U.S. funds go to individuals who support rejectionist groups like Hamas? Has there ever been any evidence that private voluntary organizations receiving U.S. funds have diverted any of their funding to any individuals or organizations involved in rejectionist acts or terrorism?

When Vice President Gore met with PLO Chairman Arafat last month, he announced a $65 million pledge of assistance to the Palestinians. Is this new money, or part of the $100 million per year pledge the U.S. made at the donors conference in October 1993?

Answer. The USAID program, from its inception 20 years ago and even today, benefits all of the West Bank and Gaza Strip. It has never been limited to Jericho alone in the West Bank. Prior to the Declaration of Principles, our West Bank/Gaza program aimed primarily at community development, small scale private sector promotion, health, and training/technical assistance. Subsequent to the DOP, we and most donors increased the size of our programs, but not necessarily the focus (although several signed on to the World Bank's Emergency Rehabilitation program which focused on infrastructure), and the U.S. inaugurated a new housing program. By May-June 1994, it became clear that Gaza-Jericho was not economically self-sustaining, and we and other donors began shifting resources to help cover the day-to-day operations of the Palestinian Authority, including police. Most donors agreed informally to a.I locate up to 25% of 1994 pledges to start-up costs. By December 1994, donors again reevaluated the impact of their programs, and determined that there should be more emphasis on visible and immediate infrastructure improvements, public works projects and long-term job creation, and private sector support. As a result, in January 1995, we reprogrammed almost $40 million of our FY 95 funds to support these new objectives. The first of these projects ($8 million for public works projects and $11 million for a Gaza wastewater project) were announced in March.

The USAID Mission Director in., Tel Aviv approves projects for funding. His decisions are taken on the basis of policy guidelines that have been worked at senior levels of USAID, in close coordination with the Department of State.

U.S. project assistance for the West Bank and Gaza is administered by USAID through private voluntary organizations, other grantees, U.S. contractors, or UN agencies. These projects are administered in strict compliance with USAID procurement, accountability, and reporting requirements, with USAID staff in the field monitoring project implementation. The USAID staff is posted at Embassy in Tel Aviv and Consulate in Jerusalem, and visit Gaza/Jericho daily.

Monitoring mechanisms and the recipients of our aid funds are described elsewhere in great detail. There is no evidence that any recipient of U.S. funds in the West Bank and Gaza program has diverted any funding to individuals or organizations involved in rejectionist acts or terrorism.

The $65 million announced by Vice President Gore in March was part of our total 5-year pledge of $500 million. However, only $22 million of the $65 million is reflected in our FY 95 pledge of $100 million; the remainder reflects expected outlays for the life of the two projects that the Vice President announced.

Question. The United States has provided the Palestinian police with Department of Defense vehicles and other equipment. From where did the equipment come? Are such equipment transfers counted in the $100 million per year the U.S. has donated to the Palestinians?

Answer. The DOD assistance announced by Secretary Christopher in March consisted of 200 vehicles and medical supplies. The vehicles, spare parts, and medical equipment that is being transferred—together with a previous shipment of 200 vehicles and spare parts—comes from both excess equipment and active stocks of the Department of Defense. The total value of these shipments is approximately $11 million. These equipment transfers have not been counted as part of our 5-year pledge. The Palestinians' need for health care equipment is large enough that DOD contributions would complement donations from other sources.

Question. When Secretary of State Christopher visited Gaza last month, he announced that the Department of Agriculture would provide assistance to farmers, and that Department of Defense would provide medical and humanitarian aid. Is this new assistance, or part of the $100 million pledge that the U.S. has committed to since the donors' conference in October 1993? What is the value of the USDA assistance? For how long will this program last? What is the value of the DOD assistance, what kind of aid will it be providing, and for how long? How Will the DOD assistance differ from the health care already being provided to the Palestinians through other sources?

Answer. The Department of Agriculture (USDA) has provided some technical assistance through its Agriculture Research Service (ARS). ARS horticultural experts have travelled to the West Bank and Gaza to evaluate the potential for cultivation of new flower varieties in response to Palestinian requests for assistance in promoting export crops that might substitute for more water-intense citrus now grown in the areas. USDA, State and AID are now discussing possible follow-on steps, includ-

ing procurement of tissue and training for Palestinian growers. The duration and overall value of USDA assistance has not yet been determined.

Question. What is the annual U.S. contribution to the United Nations Relief and Works Agency (UNRWA) for Palestinian refugees? What percentage of the U.S. contribution to the UNRWA goes to Gaza/Jericho recipients?

Answer. In FY 95, the U.S. has contributed $70 million toward UNRWA's Regular Program Budget for FY 95 of $323 million. The U.S. contribution supports core programs of education; health and relief services to over 3 million Palestinian refugees registered with the agency in Jordan, the West Bank, Gaza, Syria and Lebanon.

The U.S. contribution is not earmarked for specific geographic regions. UNRWA's CY 95 Regular Program Budget includes expenditures of $73 million for Gaza and $53 million for the West Bank.

Question. What U.S. assistance has been channeled to the forthcoming Palestinian elections? What indications have we received that women will be allowed to vote freely and for candidates of their own choosing?

Answer. U.S. assistance for Palestinian elections is channeled through USAID's "Democratic Understanding and Development" project. This five-year (1994–99), $20 million project ($10 million has been authorized to date) is designed to promote the development of democratic institutions and a civilian political culture in the West Bank and Gaza. The project has four components: elections, rule of law, civil society and governance.

USAID has awarded grants to private U.S. voluntary organizations for projects on election monitoring, public opinion polling, and the establishment of an election resource center. There is also an ongoing project aimed at encouraging women to participate as candidates in the elections and in other civic activities. That program has revealed a great interest on the part of Palestinian women to participate fully in the elections. From the on-going Palestinian-Israeli negotiations on elections and electoral laws, it appears that gender will not be a factor in determining voter and candidate eligibility.

Question. What U.S. assistance is being allocated to institution-building and the rule of law? How are these efforts progressing?

Answer. Both the U.S. Information Agency (USIA) and the U.S. Agency for International Development (USAID) have been funding institution-building and rule of law programs in the West Bank and Gaza since 1994.

USAID has initiated six subprojects under a general project definition of "Democratic Understanding and Development", a $20 million project for five years (1994–99), for which $10 million has been authorized. The subprojects include elections monitoring; a resource center for education and training; civic education on democratic principles; training for pollsters, journalists and broadcasters; commercial law reform assistance; and public opinion polling. The first phase of the commercial law reform project is near completion, with recommendations for developing dispute resolution mechanisms and sets of model contracts for financial transactions. In addition, USAID has granted AMIDEAST both an Institutional Development Project and a Legal Development Project, totalling $5.99 million for three-year implementation. The first phase of the project, including a needs assessment of the judicial sector in the West Bank and Gaza, is near completion.

USIA has allotted $721,000 for rule of law projects in the West Bank and Gaza from 1994–96. USIA's three-phase judicial reform project includes an overall assessment of the Palestinian criminal and civil processes conducted by the Mayo group; its final report will be issued in early July, and is expected to emphasize the implementation of correct procedures rather than the nature of the legal system. Follow-on projects plan to focus on criminal justice and alternate dispute resolution.

Question. Last summer, President Clinton expanded the definition of a Palestinian refugee so as to make available additional funds controlled by the Bureau of Population, Refugees, and Migration (PRM) at the State Department. How much money has been allocated to date for the benefit of Palestinians? Are the funds being channel led to private voluntary organizations? To which organizations are the funds being transferred, for what kinds of programs are they being used, and which Palestinians are the recipients?

Answer. The Presidential Determination (PD 94–33) of July 14, 1994, did not obligate funds nor did it make available additional funds, nor did it affect the definition of Palestinian refugees. The purpose of the PD was to provide flexibility for PRM to work with non-governmental organizations (NGOs) as well as UNRWA, should there be a need for specific projects or activities.

In FY 1995, PRM has contributed $70 million to UNRWA for its core programs of education, health and relief services for over 3 million Palestinian refugees registered with the agency in Jordan, the West Bank, Gaza, Syria, and Lebanon.

During FY 1995, PRM has not funded NGO activities on behalf of Palestinian refugees. In FY 1994, PRM provided $40,000 to an American NGO, AMIDEAST, for a program to train 8 nurse-midwives from Gaza in maternal and child care.

Question. The United States pledged $500 million to the Palestinians over a five-year period. Based on AID's assessments1 and given level funding over each of the five years, how much of the $100 million each year will go to private voluntary organizations, AID contractors, the Palestinian Authority, the PLO, and how much to the Holst Fund at the World Bank? Are there any other Palestinian recipients of U.S. aid?

Answer. The following is a summary of the distribution of FY 1994 and an estimate for the distribution of FY 1995 funds available to USAID. The annual funding level for the West Bank and Gaza is $75 million. Given the evolving situation in the West Bank and Gaza, we cannot accurately project FY 1996–1998 disbursements at this time. However, we anticipate that our support for recurrent costs through the World Bank Holst Fund will decrease in future years and that assistance provided through contractors will increase. Other than the $5 million provided to the Palestinian Police Force in FY 94, no funds go directly to the Palestinian Authority (PA) or PLO.

Implementing agency	FY 1994 (obligations)	FY 1995 (estimated)
Private voluntary organizations (grants)	19,238,175	12,300,000
World Bank (grants)		
Holst Fund	10,000,000	30,000,000
Technical Assistance Fund	1,000,000	
Contractors	13,333,289	13,000,000
United Nations organizations (grants)	5,880,000	25,000,000
Credit facility/Food Aid	7,700,000	-0-
AID/Other US Government Agencies	4,929,300	2,700,000
Palestinian Police Force	5,000,000	-0-
Total	[1] 67,080,764	[1] 83,000,000

[1] $8 million of obligated but undisbursed FY 1994 funds were reprogrammed in FY 1995 as follows: (a) Holst Fund ($4 million from police) and (b) UN ($4 million from World Bank Technical Assistance Fund).

Question. To whom does the United States usually present foreign assistance checks—the economic minister of the Palestinian Authority, to Chairman Arafat, to the Holst Fund? Are different projects handled differently? If so, how?

Answer. No checks are presented to the Palestinian Authority nor are cash payments made to any AID grantee or contractor. In the case of the USAID grant to the Palestinian Police Force, funds were deposited in the Arab Bank of Cairo and disbursement to the police was managed by the U.S. accounting firm Coopers and Lybrand. Disbursements to contractors and grantees such as U.S. PVOs, the World Bank and the United Nations are made incrementally through letters of credit or federal reserve bank accounts for international organizations. The amount disbursed to a grantee or contractor is based on an annual budget that is incorporated into a grant agreement or contact and on a review of expenditure vouchers which are submitted by the grantee or contractor to USAID quarterly or more frequently.

Question. What procedures exist in Gaza/Jericho for granting permits, issuing licenses, establishing codes, and conducting inspections of construction projects in Gaza and Jericho? Does the United States insist that certain standards be established and met for the projects it finances?

Answer. Construction projects using USAID funds are supervised by American contractors which verify design and specifications, make regular site inspections, review reports and insure sound construction standards. For example, the firm Louis Berger provides on-site design, engineering, and implementation monitoring for the Gaza Housing Project under which 192 apartment units are being built by one American and three local construction firms.

ASSISTANCE TO THE PALESTINIANS—FOREIGN DONOR ASSISTANCE

Question. In October 1993, many nations pledged to support the Holst Fund at the World Bank. What nations have not met their pledges? How much is outstanding in unfulfilled pledges? Have the accountability and transparency issues not yet been truly resolved?

Have the Gulf states made good their pledges of financial aid to the Palestinians?

Have any nations made direct assistance available to the Palestinians without informing the Holst Fund?

What assurances have the Palestinians offered to guarantee that a full accounting of their spending will be available to the donor nations? Have those assurances been fulfilled?

What kind of projects are countries undertaking? Who is coordinating these efforts? Who is asking donor countries to become involved in particular projects?

Answer. No donors pledged funds at the October 1993 conference for the Holst Fund. The Holst Fund was established only in May 1994, when it became clear that the newly-arrived Palestinian Authority did not have the wherewithal to support its day-to-day operations in Gaza and Jericho. We do not publicize the names of those countries who have yet to fulfill their pledges to the Holst Fund, because we believe that quite diplomacy is the most effective way to expedite these payments. For the most part, the Gulf states have delivered aid in accordance with their initial pledges.

At the Conference to Support Middle East Peace in October 1993, donors announced pledges of $2.3 billion. As part of those pledges, donors have the discretion to count their contributions to both bilateral and multilateral programs. Many donors have also provided funding or assistance to the West Bank and Gaza outside the scope of their formal pledge (e.g., annual US. contributions to UNRWA). As fund manager, the World Bank is able to track very well that portion of donors' pledges which are channeled through the Holst Fund. The Bank also serves as the Secretariat of the Ad Hoc Liaison Committee (AHLC). As such, it periodically canvasses donors on the status of the $2.3 billion in pledges. However, donors are not required to report to the World Bank (or Holst Fund) on the status of their pledges, nor are they prohibited from providing assistance outside the scope of the $2.3 billion effort.

Accountability measures put in place by the U.S., the World Bank, and the United Nations were designed to ensure that all U.S. funds and those donor funds channeled through the World Bank's Holst Fund, Technical Assistance Trust Fund, the Emergency Rehabilitation Program or the UN's police disbursement mechanism—be used only for designated purposes. Most donors with bilateral programs also have in place accountability requirements. In the one instance where U.S. funds were paid directly to the Palestinian police, the PA satisfied our very strict accountability requirements. In the case of the Holst Fund, to which we also contribute—the PA is able to claim reimbursement only for expenses that meet the accountability requirements.

Donor projects include the World Bank emergency rehabilitation program to improve the current road, water and sewerage systems, a U.S. housing construction project, various donors' technical assistance efforts in fiscal management, elections and democracy, rehabilitation of schools and public works programs to create jobs. Both the World Bank, as secretariat to the Ad Hoc Liaison Committee, and the Local Aid Coordinating Committee (co-chaired by Norway, the IBRD, and UN) work with donors to ensure minimum duplication of effort and technical coordination of programs. In May 1994, the World Bank also published an Emergency Assistance Program projecting the most urgent needs of the West Bank and Gaza to guide donor investments. The Palestinian Economic Council for Development and Reconstruction (PECDAR) is now preparing an updated investment plan for presentation at the next World Bank Consultative Group meetings scheduled for July. Depending on , the activity, the IBRD, the Palestinian Authority, or even some donors are canvassing donors for participation in projects.

ASSISTANCE TO THE PALESTINIANS—PLO COMMITMENT COMPLIANCE ISSUES

Question. Is Arafat's leadership threatened? Who would replace Arafat as Chairman of the PLO and head of the PA ifl for some reason, he were no longer in a position of leadership? To whom would the United States turn if Arafat was not around? Is there now a "line of succession" in the Palestinian Authority?

Answer. Groups opposed to the peace process—HAMAS and the Palestinian Islamic Jihad, for example—have set themselves against the authority of the Palestian Palestinian Authority and the PLO. We do not believe, however, that these groups pose a serious threat to Arafat's leadership role at this time.

There is currently no single successor to Arafat, nor is there a "line of succession" in the Palestinian Authority. Should Arafat lose his leadership role, authority would most likely be assumed by a loose coalition of current Palestinian leaders from the West Bank/Gaza Strip area and the Tunis-based PLO.

Question. The PLO has not kept its pledge to delete from its Charter an references to the destruction of Israel. Why not? Can muster a majority in the Palestine National Council, which must vote on any changes in the Cabinet? What has

the Administration done to urge Arafat to convene the PNC for the sole purpose of amending the Palestinian Charter?

Answer. We believe it is very important that the covenant be changed. It is one of the commitments that the PLO took upon itself as part of its agreements with Israel. We understand Arafat has not yet done so due to the difficulty of convening a session of the Palestine National Council (PNC), which has not met since September 1991, and the opposition of member groups of the PNC who could subvert Chairman Arafat's efforts to remove the offending articles from the PLO covenant.

Chairman Arafat has reaffirmed to Prime Minister Rabin that he does intend to take the steps necessary to amend the covenant at the proper time. In March 1995, Chairman Arafat told Foreign Minister Perez that the covenant would be amended immediately after elections are held for a Palestinian Council. Arafat also told Peres that amendment of the covenant would be part of his election platform and that the Council would revoke the relevant parts of the covenant.

We will continue to insist that Arafat do so, and that he follow through with his intentions. We remain deeply disappointed with the PLO's failure to amend the covenant.

Question. The Palestinian Authority reportedly was issuing passports for Palestinians traveling to Saudi Arabia for the annual Haj religious pilgrimage. Do the Palestinians have the authority to issue passports under their agreements with Israel?

Answer. Under the Gaza-Jericho Agreement, the Palestinian Authority (PA) has the authority to issue passports/travel documents to residents of the Gaza Strip and Jericho Area for travel outside these areas. This spring, the PA issued its first passports/travel documents to Palestinians in the Gaza Strip and Jericho Area for the express purpose of travel to Saudi Arabia for the haj.

Palestinians living in the West Bank outside of the Jericho Area are not yet eligible to receive passports/travel documents issued by the PA. For the 1995 haj, West Bank Palestinians used Jordanian travel documents to travel to Saudi Arabia.

Question. According to the Israeli group PeaceWatch, the Palestinian Authority has established seven organizations operating in Jerusalem, mostly in Orient House. Does this violate any of the agreements the Palestinians signed? What has been the U.S. reaction to these developments, and to the stipulation that Jerusalem is a topic for final status negotiations between the two parties? What is the U.S. doing to reverse this type of activity?

Answer. The Palestinian Authority conducts most of its official business in the Gaza-Jericho area, in accordance with the agreements signed by the parties.

Six of the seven organizations cited in the PeaceWatch report were established before Israel and the PLO signed the May 1994 Gaza-Jericho agreement that created the Palestinian Authority. Some of these institutions also predate the September 1993 Declaration of Principles. While the six institutions have a relationship with the Palestinian Authority, they are not considered to be part of it. In addition, the Authority's Minister of Religious Affairs, who concurrently serves in his previous capacity as head of the Supreme Islamic Council, continues to work out of the Council's office, which is located in East Jerusalem.

The Government of Israel recognizes that Palestinian institutions, some of which are located in East Jerusalem, perform essential tasks for the Palestinian population in the areas of economic and social services; this is mentioned in the PeaceWatch report, which contains a letter from Foreign Minister Peres on the subject. Israel and the Palestinians have held discussions on the operation of these institutions.

The United States strongly supports the decision by the parties to cover the Jerusalem issue in the permanent status negotiations.

Question. Has the Palestinian Authority submitted all of its rulings, decisions, judgements, etc., to the Joint Committee on Legislation, as provided for in the agreements?

Answer. We are unaware of any requests by the parties for a meeting of the Legislation Subcommittee.

Question. Does the Palestinian Broadcast Authority continue to broadcast propaganda against Israel despite the PLO pledge to stop such incitement? What steps has the United States taken to see that these broadcasts end?

Answer. Broadcasts of the Palestinian Broadcast Authority (PBA) are sometimes critical of Israeli government policies and Practices, but do not appear to include language designed to incite violent activities, as was the case with Palestinian broadcasts before the 1991 Madrid conference. This change is mirrored in the public statements of senior PLO officials, who have denounced acts of terrorism as they have occurred.

We are not aware of any formal Government of Israel complaint to the Palestinian Authority regarding broadcasts of the PBA.

Question. Are there any indications that HAMAS will become a political party and run in the elections now being negotiated? How about other rejectionist groups, such as the PFLP, the Democratic Front, and similar groups?

Answer. Some elements of HAMAS have indicated a willingness to join the political process and participate in the upcoming Palestinian elections. Likewise, some individuals associated with secular rejectionist groups have indicated a similar interest. None of these organizations has taken a formal stance on election participation.

ASSISTANCE TO THE PALESTINIANS—PALESTINIAN POLICE

Question. Israel has requested the extradiction from Gaza or Jericho to Israel of a number of known criminals. The Palestinian police reportedly have refused to honor this Israeli extradition request, despite its inclusion in agreements the PLO signed. What is the status of this situation, and what has the U.S. done to urge the PLO to extradite these individuals?

Answer. Israel has reportedly made three formal and two informal requests for suspects believed to be within territory under the jurisdiction of the Palestinian Authority. These requests are under discussion between the parties in accordance with the Gaza/Jericho agreement. In addition, the PA claims to have turned over 20 prisoners to the Israelis without a formal request.

We remain concerned about this aspect of the PA's performance on security matters and have raised with Chairman Arafat and other PA officials the importance of abiding by the agreements signed with Israel.

Question. Has Israel been able to pursue through "hot pursuit," suspects fleeing from Israel into the Palestinian self-rule areas? Have the Palestinian police cooperated, or tried to hinder the Israeli police pursuing fleeing criminals? Is it correct that the Palestinian police have not been cooperating in "hot pursuit" of terrorists?

Answer. Rules of conduct in security matters are outlined in Annex I (Protocol Concerning Withdrawal of Israeli Military Forces and Security Arrangements) of the Gaza-Jericho agreement. According to Article VIII(9)(b) of that Annex:

> Within the territory under the jurisdiction of the Palestinian Authority, in places where Israeli authorities exercise their security functions in accordance with this Annex, and in their immediate vicinities, the Israeli authorities may carry out engagement steps in cases where an act or an incident requires such action.

In general, cooperation and coordination between Israeli and Palestinian security forces continues to improve. In a May 1 statement on behalf of Prime Minister Rabin, Israeli Environment Minister Yossi Sarid reflected favorably on the the level of joint security cooperation with the Palestinian Authority.

Question. Have there been instances where the Israeli police have specified individuals for arrest, and the Palestinian police have refused to arrest them?

Answer. Under the Gaza-Jericho agreement, in the case of an offense committed in the territory by a non-Israeli against Israel or an Israeli, the Palestinian Authority shall take measures to investigate and prosecute the case, and shall. report to Israel on the results of the investigation and any legal proceedings.

Israeli police may also specify individuals for arrest as part of a request to transfer suspects. Israel has reportedly made three formal and two informal requests for suspects believed to be within territory under the jurisdiction of the Palestinian Authority. These requests are under discussion between the parties in accordance with the Gaza/Jericho agreement. In addition, the PA claims to have turned over 20 prisoners to the Israelis without a formal request.

We remain concerned about this aspect of the PA's performance on security matters and have raised with Chairman Arafat and other PA officials the importance of abiding by the agreements signed with Israel.

Question. Has the Palestinian Authority honored its agreement to provide Israel with lists of police officers entering Gaza/Jericho from other countries?

Answer. The PA has turned over to Israel a partial list of individuals currently serving in the Palestinian police and security forces, which we understand includes individuals who have entered Gaza/Jericho from other countries.

Question. Have there been any cases of Palestinian police entering proscribed Israeli areas, or of Israeli police or military entering Palestinian areas in the Gaza Strip? If so, what have the circumstances been?

Answer. There appears to be some informal Israeli-Palestinian cooperation in the West Bank outside of the Jericho area. This seems intended to help the Palestinian Authority prepare for the security functions it will eventually assume when Israel transfers additional responsibilities in the West Bank to the Palestinian Authority.

There has been at least one case in which a group of Israeli soldiers entered Palestinian areas in the Gaza Strip. This occurred in January, when approximately ten

Israeli soldiers traveling in a bus and dressed in plainclothes were briefly detained near Khan Yunis by Palestinian police.

Question. Have the joint police patrols operated efficiently?

Answer. Joint security patrols are one of the principal daily mechanisms for coordination and cooperation between the Palestinian police and Israeli security forces. Reports from both the Palestinians and Israelis indicate that the level of cooperation is generally good. The results of actual patrols depends largely on individual personalities.

Question. Have the Palestinian police fired their weapons at Israeli police? What were the circumstances of such exchanges?

Answer. There have been at least two occasions in which Palestinian and Israeli police exchanged gunfire. One instance occurred at the Erez checkpoint in July 1994, when Palestinian police reportedly fired at Israeli soldiers during the course Of a riot at the checkpoint by Palestinians. Two Palestinians and one Israeli border policeman were killed and there were numerous injuries. The incident was referred to the joint security committee for an investigation.

The second instance occurred in January 1995, at Beit Hanoun in Gaza, near the Erez checkpoint. In this case, Israeli soldiers claimed they were fired upon by Palestinian police stationed at a security post. The Israelis returned fire, killing three Palestinian police and wounding three others. A joint Israeli-Palestinian committee was established to investigate the incident.

Irrespective of these isolated incidents, the general trend of cooperation and coordination between Palestinian and Israeli security forces has been one of continued improvement.

Question. Have Israelis been subjected to unusual procedures when crossing from Israel to the Palestinian self-rule areas? Do the Palestinian police stop Israelis to check identity cards or vehicle registrations? What does the DOP or other agreements say about the entry of Israelis into Gaza/Jericho?

Answer. Procedures governing the entry of Israelis into the Gaza/Jericho area are described in Annex I (Protocol Concerning Withdrawal of Israeli Military Forces and Security Arrangements) of the Gaza-Jericho agreement.

In certain areas in the Gaza Strip, the Palestinian Authority is permitted to establish checkpoints for the purpose of inspection and identification of passengers and vehicles. In the Jericho area, the Annex provides that passage between Jericho and Israel via the West Bank shall be governed by the currently applicable rules regulating the movement of persons and vehicles between the West Bank and Israel.

The Annex also sets forth rules of conduct in security matters which apply to certain areas of the Gaza Strip and Jericho Area. These rules allow the Palestinian police to stop, in certain areas, vehicles bearing Israeli license plates for the purpose of checking identity documentation. Under no circumstances, however, shall Israelis be apprehended, arrested or placed in custody or prison by Palestinian authorities. Where an Israeli is suspected of having committed an offense, he or she may be detained in place by the Palestinian police pending the arrival of a Joint Patrol a Joint Mobile Unit, or of other Israeli representatives dispatched in accordance with the agreement.

These provision do not apply, however, to uniformed members of the Israeli military forces.

It is our understanding that both sides are adhering to the above procedures.

Questions for the Record Submitted to Assistant Secretary Robert H. Pelletreau by Representative Hamilton

I. GENERAL

Question 1. In recent months, it appears that some of the sanctions policies against Iran, Iraq and Libya have been under increasing attack from other countries.

—What is prompting these efforts to loosen sanctions in some cases?

—Do you see any support internationally for some of the efforts here to tighten some of the sanctions?

—Why are we having difficulties with some of our allies on these policies?

—Do some of our allies consider these countries to be traditional markets and they want to expand trade with them? (France has been a big trader with Iraq, Germany with Iran and Italy with Libya.)

—Is it your sense that Russia has been actively seeking to loosen sanctions against these states?

—What do you see as being necessary in order to maintain these sanctions?

Answer. It is difficult to make general remarks about the international community's posture toward Iran, Iraq, and Libya. Iraq and Libya are in violation of UN Security Council resolutions and are subject to UN sanctions. In the case of Iran, the United States enforces a strict unilateral sanctions regime against Tehran as established by U.S. law, but there are no UN sanctions directed against Iran. Because of these differences, I prefer to respond by commenting on Iraq, Libya, and Iran in turn.

Iraq.—There are various factors driving the desire of some countries to see sanctions on Iraq lifted. The humanitarian situation in Iraq is increasingly difficult, and some would like to see sanctions lifted or eased in order to reduce this suffering. We view this understandable motivation as misguided. First, sanctions are not causing the suffering, since food and medicine are exempt. Saddam bears responsibility because of his failure to take the steps necessary to allow the free flow of humanitarian goods. Second, Saddam would manipulate any easing of sanctions primarily to benefit himself, not the Iraqi people.

Other countries have commercial and financial interests. It is no secret that French oil companies, among others, are pushing hard for a foothold in the potentially lucrative Iraqi petroleum industry. The Russians have been pursuing the oil market as well, and would also like to see an early lifting of sanctions so that Iraq will have the means to repay its substantial debt to Russia. It should be noted that both France and Russia continue to press for full Iraqi compliance with all Council resolutions.

We agree, and further argue that there should be no discussion of modifying sanctions until Iraq is in compliance with all relevant Council resolutions. Ambassador Albright's trip to Security Council capitals in late February confirmed that nine other members of the Council hold the same view. We have made clear we would use our veto to prevent any premature lifting of sanctions, but we do not believe that will be necessary.

Libya.—Enforcement (and possible expansion) of UNSC sanctions against Libya can conflict with foreign commercial interests in Libya, primarily in the petroleum and construction industries. We believe, however, that these factors (a) can be mitigated and (b) cannot deter our effort to secure justice for the victims of Libyan terrorism. Governments in the region have also expressed concern that stronger UNSC action against Qadhafi could further destabilize North Africa, encourage extremist movements in the region, and provoke massive refugee flows. We disagree with this assessment and reject the notion that Qadhafi is a force for regional stability. Finally, some nations believe the UNSC should be more receptive to Libyan initiatives short of full compliance with the UNSC's demands. We unequivocally reject any compromise or negotiation on this.

Russia has been a valuable partner in implementing the UNSC sanctions against Libya. Without presuming to describe Russian policy, we understand and respect Russia's desire to ensure its national concerns do not suffer disproportionately in our common struggle against Libyan terrorism. It is this shared perception of terrorism's threat that underlies the maintenance of effective UNSC sanctions against Qadhafi.

Iran. Although there is general agreement among our major partners and allies on the need to bring about a change in Iran's behavior, there are differences on the best tactics to use to reach this goal. While we seek to focus multilateral economic and political pressure on Iran, the Europeans and Japan favor a policy of critical engagement.

The Administration is currently conducting a specific review of the feasibility and desirability of additional restrictions on U.S. economic relations with Iran. We expect that foreign competitors will likely replace U.S. firms doing business in Iranian markets. For this reason, additional unilateral sanctions will not have an immediate economic impact on Iran. However, new unilateral sanctions would send a powerful political message of our determination and leadership, both to Tehran and to those of our allies who may doubt our seriousness of purpose. This message could facilitate our efforts to deny Iran new official credit, guarantees, and assistance from industrialized countries.

We share common ground with our allies in some critical sectors. We have shaped a consensus—among the 23 Western governments participating in talks on the COCOM successor regime—that Iran should not be able to buy weapons or sensitive dual-use technology. Many of our allies have resisted imposing measures that limit non-sensitive sales. We would use any additional measures which emerge from the current review of our trade policy as the basis for a renewed effort to obtain additional multilateral pressure on Iran.

Question 2. How do you judge the effectiveness of these sanctions?

—Are they judged successful if they remain more or less in place?

—Can you point to any progress in getting these states to modify those policies with which we disagree and on the basis of which sanctions were imposed in the first place?

—How do you counter the argument that the sanctions in fact only hurt the ordinary people, that the leaders are not affected, and that leaders use the sanctions to avoid blame for economic and social problems?

Answer. Again, I would like to answer these questions by highlighting each country in turn. Iran does not apply in this case because of the absence of international sanctions.

Iraq.—The ability simply to keep Iraq sanctions in place is not the yardstick we use to measure the effectiveness of the sanctions. The sanctions are designed to modify objectionable behavior by the government of Iraq. By this standard, we deem them successful. Sanctions have severely limited Iraq's ability to rebuild its military might and are helping ensure that Iraq does not once again become a threat to peace and security in the region. Further, it was Council firmness on sanctions that led Iraq to recognize Kuwait's sovereignty last November.

In setting up the sanctions regime, the Security Council deliberately included ways to provide the Iraqi people with the necessities of life. Sanctions do not restrict the importation of food or medicine, and the UN Iraq Sanctions Committee regularly approves other imports that meet essential civilian needs.

Further, the Security Council recently passed Resolution 986, an exception to the sanctions regime that would permit Iraq to sell a limited amount of oil to purchase food, medicine and other essential civilian goods. The Iraqi government continues to refuse to implement these resolutions.

Libya.—We share the widespread frustration that existing sanctions have not brought about full Libyan compliance with the demands of the UNSC. Libya sanctions have succeeded in two areas, however: constraining (but not eliminating) Libyan involvement in terrorism and isolating, to a degree, Qadhafi's regime from the larger community of nations. We recognize these accomplishments are of little comfort to Qadhafi's victims; we have made clear our belief that stronger sanctions are necessary to win the justice they deserve, and we continue to try to build support for them in consultations with key allies.

We share the international community's humanitarian concerns for the Libyan populace. UNSC sanctions against Libya, however, are neither comprehensive nor particularly onerous. The civil aviation sanctions are an inconvenience for a segment of the Libyan population. The remaining sanctions deny imports of military equipment and selected categories of oil equipment, and reduce the Libyan diplomatic presence abroad—measures that clearly target the Qadhafi regime. Libya still enjoys annual oil revenues in excess of $6 billion and the freedom to import virtually any non-military commodity. Simple inspection of the sanctions can refute any misperception.

Question 3. Mr. Secretary, what is your strategy to try to obtain the release of the two Americans who have been sentenced to 8 years for entering Iraq illegally?

Answer. We are very concerned about Mr. Barloon and Mr. Daliberti and we are working with the Poles, who represent our interests in Baghdad, to obtain the release of the two men. We have demanded their immediate release through the Iraqi Mission to the United Nations. We are also pursuing their release through other diplomatic channels. We are grateful for continuing assistance from the French and Russian governments in this matter. We have made clear to the Iraqi government that Mr. Barloon and Mr. Daliberti should be released immediately, without condition, on humanitarian grounds. We reject linkage of this situation to any other issue.

Question 4. Mr. Secretary, in February, the United States paid $400 million to the BNL Bank to cover the last in a series of bad debts by the Iraqi government for purchases of U.S. grain and other agricultural products in the 1980s.

—Can you confirm that this is the last such payment by the United States to cover these bad debts?

—What is the total claim of the United States against Iraq for covering bad agricultural debts?

Answer. The total claim of the U.S. against Iraq for bad agricultural debt defaults is approximately $2 billion. The $400 million payment made in February is the last payment the U.S. will make to BNL to cover Iraqi defaults under the Commodity Credit Corporation export credit guarantee programs. I refer you to the Department of Agriculture for further details.

Question 5. Some Egyptian officials were expressing the view earlier this year that they felt it was time for the MFO to be withdrawn from the Sinai.

—Is there any continuing effort by the Egyptians to try to terminate the MFO?

—Why do you see such sentiments being expressed?

—What are we saying to the Egyptians on this matter?

Answer. Senior levels of the Egyptian government, including the Foreign Minister, have expressed continued support for the MFO. We are unaware of any recent authoritative Egyptian statements calling for the MFO to be withdrawn from the Sinai.

The Egyptians have been concerned about the cost to them of maintaining the MFO.

Both Egypt and Israel agree that the MFO is a critical component of their peace and that substantial changes in the nature or mission of the MFO before a comprehensive peace between Israel and all of its neighbors has been attained would be inappropriate.

Question 6. Speaker Gingrich said several weeks ago that the eventual, forced replacement of Iran's government is the only long-term U.S. strategy that makes sense.

—Do you agree?

—How does this view differ from United States policy?

Answer. It is our policy to focus international pressure on Iran to force its leadership to realize that Iran must change its unacceptable behavior. We are not opposed in principle to the idea of Islamic government. Rather, it is Tehran's actions to which we object. The form of Iran's government is a matter for Iranians to determine.

Question 7. Mr. Secretary, where are you with the effort to create a Middle East Development Bank?

—What is the next step in trying to bring such a bank into existence?

—What is our financial commitment to help in the creation of the bank?

—What commitment have the Gulf states made to support this venture?

Answer. The U.S. has taken the lead in working with other countries to bring to fruition the joint proposal by Egypt, Israel, Jordan and the Palestinians to create a regional bank (MEDB). Over 30 regional and extra-regional parties have formed a Task Force and are engaged in an intensive work program. The goal is to prepare detailed recommendations for new financing institutions for political-level decision by the Amman Economic Summit in October 1995.

As part of the effort to create a consensus in favor of the proposed MEDB, the U.S.-chaired Task Force is discussing, in detail, issues such as the structure, mandate, and authorities of the Bank. The most recent Task Force was in Amman on April 2; the next meeting will be in Cairo on May 16–17.

The U.S. has not made specific financial commitments to the proposed MEDB. We envision a Bank with about $5 billion in capital, of which perhaps $1.25 billion would be paid-in over five years. The U.S. share would be the subject of negotiation. There is no plan to request funds in FY 1996. As discussions proceed, we will, of course, continue to consult with the Congress.

The Gulf states do not yet support the creation of an MEDB. We recognize that some of them have concerns (e.g. budgetary) about creating a new regional institution and are trying to structure the Bank to address those concerns. Several Gulf states are participating in the Task Force. We believe that they ultimately will wish to be part of an institution that will be engaged in projects that have demonstrable region-wide benefit (e.g. water).

Question 8. There has been considerable reporting over the last several months about CIA-backed training of Islamic guerrillas in Afghanistan in the 1980s coming back to haunt us in the 1990s as we see fighters from Afghanistan trying to destabilize Egypt, Algeria or other states or blow up the World Trade Center or harm the Pope while in the Philippines.

—The question is: Did we help create a force to try to solve one problem that is now coming back to create other problems that jeopardize U.S. interests?

—How are you trying to deal today with the unruly aftermath of our involvement in Afghanistan in the 1980's?

Answer. The U.S. effort to confront Soviet aggression in Afghanistan was a major victory of the cold war. Since the Soviet withdrawal from Afghanistan, the U.S. has worked with states in the region and the UN to bring a lasting peace to Afghanistan. In the absence of an effective governmental authority, terrorists have been able lo move in and out of Afghanistan, conduct training, transport weapons and transfer funds. The United States is committed to working with friendly governments in the region to counter this threat. The Government of Pakistan has expelled some non-Pakistani veterans of the Afghan war in an effort to address this problem. We are actively looking at ways to expand counter-terrorism cooperation with Pakistan in ways consistent with the Pressler Amendment, which bans assistance and sales or transfers of military equipment and technology to Pakistan.

Question 9. There have been fairly serious demonstrations on the island of Bahrain over the last three months and several people have been killed, although the large foreign community has not yet gotten involved.

—What is the problem?

—What are we advising the Bahrainis to do?

—Is there a significant threat against Americans and other foreign residents in Bahrain?

Answer. Since December Bahrain has experienced demonstrations, protests and arson attacks that have resulted in the deaths of about a dozen Bahraini civilians and police. The unrest largely has been driven by young Shia Bahrainis, many of them unemployed or underemployed.

We have told officials of the Government of Bahrain that, while we recognize their need to guarantee public safety and security, we encourage them to address the legitimate economic and political concerns that fuel dissatisfaction.

During the unrest there have been no targeted attacks against Americans. As a result of a decrease in the number of civil disturbances, Embassy Manama has dropped its recommendation that Americans delay any unnecessary travel to Bahrain. The Department continues to recommend that all moving about the island.

II. SYRIA

Question 1. Reports in the Israeli press last weekend stated that Syria agreed to exchange low-level diplomatic representation with Israel if Israel states clearly its readiness for complete withdrawal from the Golan Heights. Deputy Foreign Minister Beilin said in Washington last week that there has been progress in the negotiations with Syria on security arrangements, but that the current rate of progress is not fast enough to ensure a peace agreement by the end of the year.

—What is your assessment of the prospects for a breakthrough in the Syrian track by the end of the year?

—What is your view of Beilin's assertion that without such a breakthrough this year, the negotiations risk becoming hostage to the 1996 elections campaigns in Israel and the u.S.?

Answer. We believe we are entering a crucial phase on this track. We don't try to predict exactly when breakthroughs are going to take place, although clearly we would like to see a breakthrough soon. The President and the Secretary will continue to do all they can to help move the process forward.

Question 2. Secretary Christopher, during his last visit to the region, succeeded in convincing President Assad to resume negotiations at the ambassadorial level in Washington, this time with the participation of Dennis Ross.

—Does this new formula allow for more direct U.S. involvement in the negotiations?

—What is the next step for the U.S. in the peace process?

—What do you think of the call by King Hussein and others for a more active U.S. role in the Syrian track, including the introduction of American bridging proposals?

Answer. The president and the Secretary are committed to the U.S. role as an active intermediary in helping Syria and Israel achieve peace.

The Secretary's mid-March trip to the region helped to re-energize their negotiations. Ambassador Ross followed up the Secretary's trip with a visit to Syria and Israel in early April. Under our auspices, meetings between the Israeli and Syrian ambassadors in Washington have resumed to discuss security arrangements. We are working with them to prepare the way for meetings of military experts. We are actively engaged, but our participation in these discussions is not new.

Question 3. Following the terrible bombing of the Beit Lid bus stop in Israel, Secretary Christopher asked Foreign Minister Shara to expel Islamic Jihad leader Shiqaqi from Damascus.

—How did Shara respond to the 5ecretary's request?

—What further action is the U.S. taking to press Damascus to close the offices of Islamic Jihad and other terrorist groups based in Damascus?

Answer. We have repeatedly made it clear to the Syrian government that we oppose the presence of terrorist organizations such as Islamic Jihad in Syria. We have raised this issue on numerous occasions at the highest levels of the Syrian government.

As long as it continues to provide safe haven to terrorist groups, Syria will remain on the list of state sponsors of terrorism.

III. PALESTINIANS

Question 1. During his meeting with Yasir Arafat in Jericho last month, Vice President Gore reiterated the U.S. commitment to assist the Palestinians. Legislation suspending restrictions on the Palestine Liberation Organization will expire June 30, however, and must be replaced with new legislation.

—Do you think the PLO is currently in compliance with the requirements of existing legislation and with the commitments it made at the time of the signing of the Declaration of principles?

—What new measures has the Palestinian Authority taken to prevent terrorist attacks on Israelis and what action has it taken against those Palestinians who continue to use violence?

—Has there been any progress toward establishing a judicial system in Gaza and Jericho? What mechanisms are now available to enforce the rule of law?

—What would be the impact on the peace process if there is not new legislation by July 1 extending the suspension of restrictions on the PLO?

Answer. The President certified on December 31 that the PLO was abiding by its commitments. He did so on the basis of the written policy justification sent up to the relevant Congressional committees on December 1. We carefully monitored and reviewed the PLO's behavior and performance during the period under review. On balance, it is our judgment the PLO is abiding by its commitments. That said, it is clear that the PLO can improve its performance. Abiding by these commitments is not a finite or completed action; it is a process that must be continued and sustained over time. The Department will submit the next written policy justification to Congress on June 1.

The Palestinian Authority has taken a number of further steps in recent weeks to crack down on those who plan and carry out terrorism and violence. Several planned terrorist attacks have been preempted. In addition, the security court in Gaza has tried, convicted and sentenced persons found guilty of involvement in terrorism and violence. Moreover, as many as 300 Hamas and Islamic Jihad activists were arrested following two terrorist attacks in Gaza on April 9, and approximately 100 remained in custody as of April 25. The Palestinian Authority has also issued an order to confiscate illegal weapons and to mandate licenses for the possession of firearms.

Progress toward establishing a uniform judicial system in Gaza and Jericho has been slow and incremental. The existing legal system in Gaza and Jericho derives from Ottoman, Jordanian, Egyptian, and British law, Israeli military orders, Israel-PLO agreements and decisions by the PA. Efforts are underway to unify the Gaza and Jericho legal codes. The current judicial system consists of civilian courts, the Shari 'a religious courts, and security courts. The Palestinian Police Force also plays a role in enforcing the rule of law.

The Middle East Peace Facilitation Act has played a critical role in allowing the USG to promote the Middle East peace process. At this delicate stage of the peace process, it is essential that the President retain the authority to suspend restrictions on the PLO—if it is abiding by its commitments—so that we can maintain contact with the Palestinians and provide assistance to them.

Question 2. Israel and the Palestinian Authority have set a target date of July 1 for completing their negotiations on the redeployment of the Israeli army and the holding of elections.

—Do you think Israel and the Palestinians will be able to meet their target date on their own? Is there a need for a more direct U.S. role?

—What is your assessment of Israeli Deputy Foreign Minister Yossi Beilin's suggestion that Israel and the Palestinians move directly to final status negotiations.

—What is the U.S. doing to help ensure the success of these negotiations?

Answer. Israel and the Palestinians have met regularly since last October to negotiate issues related to Palestinian elections, the further transfer of authority and the redeployment of Israeli forces in the West Bank. Israel's security requirements are clearly a vital element in achieving further progress in the negotiations in the period ahead and will determine whether or not the parties meet their July 1 target date for an agreement.

Although Deputy Foreign Minister Yossi Beilin has suggested moving directly to permanent status negotiations, the Declaration of Principles (DOP) continues to serve as the authoritative framework for the negotiations. The DOP stipulates that the negotiation of permanent status issues begin no sooner than May 1996.

The U.S. is prepared to do everything it can to support the parties in their implementation of the DOP. We are in regular contact with Israel and the Palestinians on their negotiations and are encouraging the international community to support

their efforts. We welcome the success the Israelis and Palestinians have had in concluding several historic agreements and moving forward with the difficult task of implementation.

Question 3. I understand that AID has revamped its assistance to the Palestinians in order to ensure that these programs have a quicker impact on improving conditions on the ground.

—I would appreciate it if Mr. Brown would explain AID's new approach to assisting the Palestinians and describe how it differs from the original program.

—Are we working with the other donors to ensure that there is a coordinated effort to make this vital assistance as effective as possible?

What is AID's new approach to assisting the Palestinians and how is it different from the original program.

Answer. USAID has reprogrammed more than half of the current year $75 million pledge level to place increased emphasis on (1) assistance for start-up costs; (2) high priority infrastructure programs to demonstrate the real and tangible benefits of the peace process; and (3) employment programs to create jobs and income for Palestinians. We also hope to be able to do more in supporting private sector development efforts this year.

In recognition of the special needs of the new Palestinian Authority, a total of $26 million will be provided out of this year's funds for start-up costs.

High visibility infrastructure projects include a major new wastewater project to repair and help complete the Gaza City wastewater system, including the Sheikh Radwan Reservoir. Up to $12 million will be put toward this project in FY1995.

Employment programs include several ongoing activities in addition to a new emergency employment project that will provide jobs through a variety of small scale community infrastructure projects. We expect to put $15 million into the new jobs initiative this year.

USAID will make over $12 million available this year for private sector support activities, including marketing and production technical assistance as well as small business loan guarantees. USAID also is funding trade and investment initiatives to be carried out by the Overseas Private Investment Corporation and Department of Commerce.

Refocusing of the FY1995 program has required that some U.S. assistance for medium to longer term development be cancel led, including technical assistance in the health sector. Funds for reprogramming were made available, for example, through eliminating funding this year for the Palestinian Bureau of Statistics, the Ministry of Health, the Palestinian Council for Health, and the Palestinian Ministry of Housing. In addition, USAID will reduce budgeted support for a number of international and Palestinian non-government organizations that are providing community services in health,education, and support services for agriculture and small businesses.

USAID, along with the Department of State, participates in donor consultations on aid for the West Bank and Gaza. Overall policy coordination has been achieved principally through the Ad Hoc Liaison Committee (AHLC), comprised of the major donor countries and organizations as well as Israeli and Palestinian representatives. There have been four formal meetings of the AHLC, the latest of which was held in Paris April 27–28.

Coordination on sector-specific programs has been substantially enhanced with the establishment this year, under the auspices of the AHLC, of a Local Aid Coordination Committee (LACC) which meets in the region and comprises field representatives of the donors. U.S. assistance programs are represented in this process through the Director of the USAID Mission for the West Bank and Gaza.

Question 4. Democracy assistance—component of AID's assistance to the Palestinians.

—How is AID's democracy assistance program coordinated with the Palestinian Authority's need for extensive legal reform?

—To what extent is democracy assistance affected by the emphasis on quick results?

—How are AID's democracy efforts coordinated with those of other donors?

Answer. AID's democracy program has focussed on elections preparation, civic education and rule of law. We have elections-related assistance in place and are giving more emphasis to the rule of law in new assistance activities. We will continue to support some civic education activities that build public awareness of the significance of legal reform.

AID regularly consults with the Palestinian Authority on legal reform needs and priorities. There is a growing appreciation among both the general population and the PA of the importance of legal reform to economic growth and social and political development. AID is developing targeted assistance activities in consultation with the PA and others who support public education and legal reform.

As In-other areas of our assistance, AID's democracy activities must produce meaningful, visible and measurable progress over the short term. This will be necessary to build and maintain public support for legal reform, for example, and we will identify manageable issues in commercial law or the rule of law area where immediate impact is possible.

AID is in regular contact with other donors providing assistance in the democracy area, primarily through the Local Aid Coordinating Committee (LACC). AID works closely with other major donors to ensure program coordination and information sharing.

IV. ISRAEL

Question 1. Prime Minister Rabin and other cabinet ministers have used the term "separation" to describe the government's goal for Israel's new relationship with the Palestinians. The Likud opposition argues that separation of the two peoples is impossible, and that the goal must be autonomy for the Palestinians under continued Israeli rule.

—Have we asked Prime Minister Rabin what he means by "separation" from Israel?

—Does the U.S. oppose the separation of the occupied territories from Israel by electrified fences that would be patrolled by dogs and police on horseback and in helicopters as proposed by Police Minister Shahal?

—Would such measures actually increase security for Israelis?

—How would they affect Palestinian access to East Jerusalem?

—What effect would they have on Palestinian attitudes toward peace with Israel?

—What are we doing to press the Israeli government to relax the closure of the occupied territories and permit more Palestinians to work in Israel?

—What do you think of the analysis of some in Israel that "separation" will lead to a Palestinian state?

Answer. There has been increased discussion in Israel of the notion of "separation" since last October, when a suicide bomber killed 23 persons in Tel Aviv. A string of subsequent terrorist attacks has strengthened public support in Israel for some form of separation of Israelis and Palestinians. However, there is no single view of what "separation" might entail.

Israel is clearly wrestling with a difficult security problem and is considering a number of options that would help meet the government's obligation to ensure the security of its citizens. The Israeli government is in the best position to assess the security benefits of specific proposals.

Since there has been no decision on "separation" or its form, it is difficult to judge its potential impact on Palestinian access to East Jerusalem, Palestinian attitudes toward peace with Israel, or the creation of a Palestinian state.

We recognize that closure imposes an economic hardship on the Palestinians. It is extremely important to reconcile the needs of both sides, to ensure the security of Israel and Israeli citizens in a way that does not result in increased economic hardship to Palestinians. An enhanced security environment will lead to an easing of economic restrictions.

Question 2. Some senior Israeli officials, including Shimon Peres and Yossi Sarid, have stated that Israel will need to evacuate certain isolated settlements in Gaza and the West Bank in order to prevent them from becoming obstacles to the redeployment of the Israeli army.

—Do you believe that the evacuation of some settlements could facilitate negotiations on redeployment?

—Would the Administration consider permitting the Israeli government to use loan guarantee funds to compensate settlers who move back into what Rabin terms "sovereign Israel"?

Answer. A sustained Palestinian effort to address Israel's security needs is the best way to promote progress in the ongoing negotiations on IDF redeployment, the transfer of added responsibilities to the Palestinian Authority in the West Bank, and elections for a Palestinian Council. Prime Minister Rabin has stated that Israel will not dismantle any settlements at this time because both Israel and the PLO agreed in the September 1993 Declaration of Principles that the issue of settlements would not be discussed until permanent status negotiations begin in May 1996.

We have not received a request from the Israeli government to use loan guarantee funds to compensate settlers. The Loan Guarantee Program has been developed on the basis of specific legislation as to its objectives and implementation.

Question 3. Many members of Congress are on record as supporting moving the U.S. embassy in Israel from Tel Aviv to Jerusalem.

—In your view, what would be the impact on the peace process of a U.S. decision at this time to move our embassy in Jerusalem?
—Should the U.S. declare its intention to move the embassy at the conclusion of the final status negotiations?

Answer. Jerusalem is an extremely sensitive issue. Israel and the Palestinians agreed in the historic Declaration of Principles that was signed in September 1993 that this issue should be covered during the permanent status negotiations that are slated to begin in May of next year.

It is the President's view that we should do nothing to undermine or pre-empt those negotiations, or harm the pursuit of Arab-Israeli peace. That is why this is not the time to raise such an emotionally charged issue as Jerusalem to the fore, especially since the parties have agreed that this is an issue to be covered during permanent status negotiations.

V. LEBANON

Question 1. The State Department recently decided to extend the ban on the use of U.S. passports to travel to Lebanon.
—What more does the Lebanese government need to do before the State Department will provide at least a partial relaxation to the travel ban?
—In your view, does the threat to American citizens also apply to the thousands of Lebanese-Americans who are visiting Lebanon despite the ban?

Answer. We have engaged the Lebanese government in very frank and useful discussions regarding the threat to Americans who wish to travel to Lebanon. The Government of Lebanon understands the steps it needs to take to underscore its commitment to combating terrorism and ensuring the safety of Americans. Our dialogue with Lebanese authorities on these matters continues; the goal of the U.S. remains reaching a point where we can responsibly consider easing and eventually ending the passport and related travel restrictions.

We believe the threat applies to all Americans who visit Lebanon.

Question 2. The arrangements worked out by Secretary Christopher in 1993 after Israel's "Operation Accountability" have not prevented the intensification of Hizballah attacks in the security zone or retaliation against Lebanese civilians, including the blockading of Lebanese ports.
—Do you think the 1993 arrangements need to be reviewed and possibly revised?
—What have we said to Israel about its forcible prevention of Lebanese fisherman from fishing in Lebanese coastal waters?
—Has Syria taken any action to restrain the ability of Hizballah to launch attacks on Israelis and Israel's Lebanese allies in the security zone?

Answer. We continue to watch the situation in south Lebanon closely. The agreement which ended the fighting in the south in July of 1993 has largely been observed. We have impressed upon all parties our view that actions which escalate regional tensions or promote an increase in violence in southern Lebanon can threaten progress in the peace process.

Question 3. Lebanese complain that their interests are being ignored by the United States, and that the U.S. no longer presses Israel and Syria to withdraw from Lebanon.
—What are we doing to promote the implementation by Syria of its commitments under the Taif Accords?
—In the absence of Israeli-Lebanese negotiations, is there anything the U.S. can do to advance security understandings between the parties that would contribute to lowering tensions in southern Lebanon?

Answer. In our discussions with the GOL leadership as, for example, in the Secretary's April 17 meeting with Foreign Minister Bouez in New York, we have consistently expressed our support for Lebanon's independence, sovereignty, and territorial integrity. This is a message we have also passed to other interested regional parties, including the Syrians and Israelis.

Our assistance program to the Lebanese Armed Forces (LAF) is one means of helping the Lebanese central government extend its control in the south, thereby promoting the stability necessary for mutually acceptable security arrangements.

VI. EGYPT

Question 1. When President Mubarak met with our Committee this week, he said he realized that U.S. assistance will not last forever, but that if assistance to Egypt must be cut because of budgetary pressures, assistance to Israel should be cut as well.
—Do you accept President Mubarak's point that the U.S. has a commitment to link assistance to Egypt and Israel, and that Mubarak would be subjected to

criticism by the Egyptian public if the U.S. reduces assistance to Egypt but does not reduce assistance to Israel?

Answer. While we have made no specific commitment to link assistance to Egypt to that of Israel, the levels of assistance to those countries have in principle been maintained at about the current relationship since the Camp David accords. Any significant change in those relative levels would likely be interpreted in Egypt and elsewhere in the region as a political message.

Question 2. Mubarak and members of his delegation asserted that the ii Egyptian private sector and the government's privatization program are doing very well. Yet Egypt has fall out of compliance with the IMF, and AID has been critical of the government's performance on privatization.

—I would appreciate your and Mr. Brown's assessment of the Egyptian government's performance on privatization and the outlook for Egypt's private sector.

—As we anticipate reduced levels of assistance to Egypt, certainly after FY 96 and possibly even next year, what is AID's thinking about how to make the best possible use of a probably declining pool of assistance resources?

—Do you agree that while we have helped stave off disaster in Egypt, no amount of assistance can make the economy grow unless government policies promote growth?

Answer. Public enterprise reform and privatization is a crucial part of Egypt's ongoing structural adjustment program. Egypt has taken the first steps: establishing holding companies to manage public sector companies free of government control, and beginning the process of company evaluation and preparation for privatization. Thirty seven companies have been offered for sale and nine have been sold, and preparations are underway for the sale of others. Limited blocks of shares in public sector companies have been made available on the Egyptian stock market, and these offerings have been immediately oversubscribed. It is important, however, that Egypt accelerate the pace of these important reforms. Only a healthy, growing private sector will be able to meet the increasing employment needs of the Egyptian people. The U.S. Government is continuing to press Egypt to move ahead on privatization. Egypt has recently agreed under the USAID Sector Policy Reform Program to privatize 30 public sector enterprises by September 1996. We also established in April with the Egyptian Government a Presidents' Council of 30 top American and Egyptian business executives to advise the two governments on ways to remove barriers to private sector growth in Egypt.

Our present five year strategy is being reviewed and a new strategy for the period FY 1997–2002 is being developed. During this process, AID could consider strategy options at reduced funding levels if that became necessary. We will of course continue to consult with Congress during this process of review.

It would be unrealistic to expect our aid program by itself to promote sustained economic growth in Egypt or any other country. We are using our aid program to work closely with the Egyptian government to support the economic reform program it began four years ago. We have recently reached agreement with the Egyptian government on a two year extension to AID's Sector Policy Reform Program which provides directly support to Egyptian reforms in the financial, fiscal, trade, and enterprise sectors. The new economic partnership launched in March by Vice President Gore and Egyptian President Mubarak is designed to further promote economic growth and job creation in Egypt through expanded private sector development and cooperation. Clearly, we place great importance on the policy environment and believe that it is a critical element to sustained economic growth.

Question 3. The Egyptian security forces have scored some successes in arresting or killing leaders of the Islamic Group and in reducing violent incidents and terrorist attacks in Cairo, but a low-level insurgency appears to be underway in parts of Upper Egypt.

—What is your assessment of the security situation in Egypt?

—Do you think Mubarak and his advisors have a political strategy for dealing with the sources of violence and extremism in Egypt, or do they intend to rely solely on force to deal with it?

—What has been the impact of the violence of the past three years on the development of civil society in Egypt?

Answer. The terrorists do not constitute an immediate threat to the stability of Egypt. Extremist groups do not have sufficient public support to challenge the government or its institutions; popular abhorrence of their tactics makes it unlikely they will gain such support.

However, the terrorists maintain the capability to assassinate police officials in provincial governorates and conduct hit-and-run attacks, including some aimed at foreign tourists, in outlying areas. Intensive security operations have resulted in the arrest or death of many extremist leaders and the reduction of operational capabili-

ties of terrorist groups, particularly in the Cairo area. We have stressed to the Mubarak government the need to fight terrorism under the rule of law.

The violence of the past three years has certainly put a strain on the development of civil society in Egypt. President Mubarak has made a commitment to open the political process to other political parties. The 1995 parliamentary elections offer an excellent opportunity for Egyptians across the political spectrum to participate in the country's political process and to build national consensus.

Mubarak also has strengthened his commitment to economic reform and increased economic opportunity. For example, recently Mubarak announced that he would streamline investment rules for Assiyut province in Upper Egypt. The Gore-Mubarak joint economic initiative is designed to assist Mubarak in these goals.

Question 4. In past elections, the Muslim Brotherhood has run candidates as independents or in alliance with legal opposition parties. The government has recently begun to implicate the Brotherhood in Islamic extremist violence, however, and has arrested a number of Brotherhood members.

—Does the government plan to bar the Brotherhood from participating in the upcoming parliamentary elections?

—What impact will this have on the elections?

—Do we think there is a connection between the Brotherhood and the extremist groups?

Answer. The Muslim Brotherhood is not a recognized political party since the Egyptian Constitution bans parties based on religious affiliations. However, as noted, individual members of the Muslim Brotherhood have participated in previous elections. We are not aware of any plans to change this practice.

President Mubarak has committed to opening the political process to other political parties. The upcoming parliamentary elections provide an excellent opportunity for him to do so. We support Mubarak's commitment and think it will strengthen the electoral process in Egypt.

Terrorist groups such as the Gama'at Islamiyah and Jihad owe their origins to the Muslim Brotherhood. However, these groups broke from the Brotherhood after it renounced violence as a means to seize power. Lately, the Egyptian government has arrested some Muslim Brotherhood members alleging direct links to terrorist operations. We are not in a position to access these allegations.

VII. JORDAN

Question 1. Other than debt relief, what are we doing to help Jordan develop its economy and obtain financing for the large-scale regional cooperation it would like to carry out?

—What is your response to the allegations that the U.S. reneged on a longstanding commitment to modernize Jordan's armed forces if Jordan made peace with Israel?

—What is your assessment of the strength of Jordanian opposition to the peace treaty with Israel? Are you concerned that Jordan may find itself isolated if the Palestinian and Syrian tracks stall?

Answer. Debt relief remains our highest priority in terms of assistance for Jordan. Our FY 96 budget request includes $7.2 million in Economic Support Funds (ESF), $15 million in PL–480 Title I (food aid) and $7.97 million in Development Assistance (DA). The ESF and DA funds are used to fund USAID programs in Jordan that support water projects, tourism as a foreign earner and family planning.

We are also working with Jordan and Israel in the context of the Trilateral Economic Committee. This Committee is overseeing the creation of a Jordan Rift Valley Master Plan, which combines public and private sector projects to enhance regional development and cooperation. A follow up to last year's successful Middle East/North Africa Economic Summit in Casablanca will be held in Amman at the end of October. This Summit should enhance private sector investment in Jordan and in the region.

The President and Secretary Christopher have committed to support Jordan's legitimate security needs. In August 1994, a team of DoD experts identified serious deficiencies in the Jordanian Armed Forces (JAF) capabilities. In the FY 96 budget submission, the Administration requested $30 million in Foreign Military Financing (FMF) and $1.2 million in International Military Education and Training (IMET) funds. These figures reflect increases of $22.7 million in FMF and $0.2 million in IMET from FY 95 figures. We continue to consult with Congress and the Government of Jordan to explore ways to support Jordan's military modernization further.

King Hussein and the Government of Jordan are moving forward with implementation of the treaty and have reiterated their commitment to make this peace with Israel a warm peace. However, we have seen signs of increasing skepticism in the

Jordanian populace. Although organized opposition to the treaty is not strong at this point, the recent disturbances among university students is a reminder of the potential for widespread dissatisfaction with the perceived lack of benefit of peace.

Jordan took enormous risks for peace when it signed a peace treaty with Israel, becoming only the second Arab state to do so. While King Hussein took this courageous step because it was in Jordan's interest, he clearly hoped peace would bring the support of the international community and economic benefits to his people. President Clinton and Secretary Christopher made a commitment to support Jordan as it took risks for peace and exposed itself to the enemies of peace. Jordanians are anxiously awaiting the outcome of the Administration's efforts to secure $275 million in FY95 and FY96 to forgive the remainder of Jordan's debt. Debt forgiveness would alleviate Jordan's high debt burden and encourage foreign private sector investment. News of the House Appropriations Subcommittee on Foreign Operations decision to cut the Administration's request for $275 million for debt forgiveness to $50 million was received in Jordan with deep disappointment.

Jordan lives in a dangerous neighborhood, a neighborhood that has become even more dangerous precisely because Jordan has signed a treaty with Israel. Jordan runs a very real risk of isolation in the region if progress in the other bilateral tracks slows. It is vital that the U.S. demonstrate, through debt forgiveness and other forms of assistance, that we stand by our commitment to support those who take risks for peace.

VIII. ALGERIA

Question 1. The U.S. wants the Algerian government to open a dialogue with the major opposition parties, including Islamists who reject violence, but so far the Algerian government has rejected our advice.

—What constructive steps can we take to help end the conflict in Algeria?

—Could we achieve greater influence over the Algerian government's policy debate by engaging the Algerian leadership at the highest level, including President Zeroual?

Answer. The U.S. government has devoted great effort to pressing all parties in Algeria to open a political dialogue. We have delivered this urgent message repeatedly to senior decisionmakers of the Algerian government, including President Zeroual. I regret to say that Algerian officials have made clear that they reject the approach which we are urging.

It is important to appreciate the limits of U.S. influence in Algeria: the U.S. has not been a traditional donor of bilateral aid to the Algerian government and gives no military assistance to Algeria.

Question 12. The State Department's reply to a recent letter from me on Algeria policy declared that the U.S. "deplores violence from any quarter."

—Is it U.S. policy to equate the violence used by the Algerian state, which we recognize and with which we conduct full diplomatic relations, with the violence used by extremist underground groups such as the Armed Islamic Group?

—Is this statement consistent with Secretary Christopher's comment about Algeria taking firm measures against terrorism?

Answer. The Algerian conflict has led to very grave excesses both by the armed Islamist groups and by the regime's security forces. We condemn extrajudicial violence from all sides without making any judgment as to whose violence is worse. As detailed in the most recent annual human rights report, Algerian society as a whole is paying the price for the brutality of both sides. We have condemned the campaign by the Armed Islamic Group (GIA) to terrorize and intimidate innocent Algerians, including journalists, academics, and political figures as well as foreigners in Algeria.

At the same time, excesses by government security forces in their efforts to contain the insurgency appear to be worsening and to be further alienating the Algerian people from the government. There are disturbing reports of extrajudicial killings, torture, and detention without trial. We continue to believe that a political—rather than a military—solution is necessary.

IX. IRAQ

Question 1. I am concerned that as facts on the ground in northern Iraq have changed, our policy has not changed since 1991 and that Operation Provide Comfort runs on automatic pilot with little scrutiny.

—What are the policy objectives today of Operation Provide Comfort in northern Iraq, and are you achieving them?

—How does the current Turkish military incursion in northern Iraq impact Operation Provide Comfort?

—Are Turkish forces bombing and shelling some of the same people that Operation Provide Comfort is supposed to protect?

—Is Operation Provide Comfort still viable?

Answer. The mission of the U.S. in northern Iraq is, as it always has been1 to enforce U.N. Security Council Resolutions against Iraq, most prominently resolution 688. That resolution demanded that Iraq cease repression of its own people and allow unrestricted access by international relief workers to all those in need in all parts of Iraq. To that end the U.S. participates in Operation Provide Comfort with coalition partners Turkey, France, and the United Kingdom.

We believe that Provide Comfort continues to achieve its twin objectives of deterring Iraqi aggression and providing humanitarian assistance to the northern populations. The mission remains a critical cornerstone of our overall Iraq policy and is consistent with that policy.

The purpose of the recent Turkish incursion across the Turkish-Iraqi border is to root out terrorist guerrillas of the PKK who have sought safe haven in northern Iraq. The Turkish operation is not aimed at civilian Kurds in northern Iraq. The Turkish Government has assured us that it is doing everything possible to protect civilians and to observe international standards of human rights.

The Turkish incursion has had only minimal impact on Provide Comfort. Some coalition overflights in the no-fly zone had to be canceled during the initial days of the incursion, but have resumed their regular pattern. Relief convoys have experienced some delays at the Habur border crossing. However, the overall impact on the humanitarian program has been negligible.

Question 2. Are you reviewing US. policy in northern Iraq?

—What will you do if Turkey ends its support for Provide Comfort?

—Do you take seriously Turkish demands that Provide Comfort should be restructured to prevent a power vacuum in northern Iraq?

—What influence do you have over the Iraqi Kurdish parties, and what are we doing to end the factional fighting that is undermining the liability of the Kurdish security zone?

—How are you prepared to respond if the Iraqi military conducts a ground offensive against Kurdish positions in the north?

—Do we oppose negotiations between the Iraqi Kurds and the Iraqi Government? What other way do you see to bring Provide Comfort to a close?

Answer. As previously stated, what we are doing in the north is entirely consistent with our overall Iraq policy. We plan to continue Operation Provide Comfort and enforcement of the security Council resolutions.

The political and humanitarian situation that originally made Provide Comfort necessary—Saddam Hussein's behavior toward the northern populations—has not changed. For four years Provide Comfort has provided security and humanitarian assistance to the people of northern Iraq. It has served vital U.S. interests. We also believed that it has served Turkish interests, by helping to contain Saddam Hussein and prevent massive refugee flows into Turkey. It has helped stabilize the area. It has not destabilized it.

We expect that the Turkish Parliament will continue to recognize the importance of Provide Comfort to Turkey's national interests.

In the meantime, we are willing to discuss with the Government of Turkey the situation in northern Iraq that has enabled the PKK to operate there. There has been no central government authority in northern Iraq since late 1991. Internecine fighting among the Kurds over the last year has exacerbated the problem.

In the absence of central authority in the north, only the Iraqi Kurds can presently control the border and prevent PKK terrorists from infiltrating into Iraq. We and Turkey agree that in order for them to do so, they must stop their bloody infighting. The U.S. and Turkey should renew efforts to bring the intra-Kurdish violence in northern Iraq to a halt.

We are urging continued efforts by both the KDP and the PUK to work with the Turkish Government to secure the border area. It is essential that both Kurdish groups cooperate with the Turkish authorities in this regard. We are prepared to cooperate with the Kurds and with Turkey to find ways to restore peace, security and stability to northern Iraq.

The ultimate political solution for all of Iraq is the formation of a democratic government in Baghdad that can both be representative of the Iraqi people and maintain peaceful relations with its neighbors. However, we believe that the present Iraqi regime's demonstrated hostile intent toward the northern populations, particularly the Kurds, diminishes prospects for any reconciliation between Baghdad and the north in the short term.

We would view an Iraqi offensive against the Kurds as very serious. The Iraqi Government would be making a grave mistake were it to think it could move with impunity against the Kurds.

Question 3. Do you believe that sanctions are making any difference in Saddam's hold on power?

—Why has the u.S. not wanted to provide an incentive to the Iraqi army to overthrow Saddam by stating that we would be prepared to reevaluate sanctions in the event Saddam is overthrown?

Answer. Severe economic deterioration in Iraq has led to spiraling inflation and increased corruption and crime, according to reports from travelers, diplomats, and Iraqis living outside the country. In desperation, the regime has resorted to drastic punishments, including disfigurement and execution, to deter growing lawlessness.

Of greater significance to Saddam's overall security is the pattern of shrinking support for the regime from its traditional bases of power. We have seen reports of intensifying conflict between Saddam's extended family clan and other prominent families. There were reports of a coup plot in March involving the former deputy chief of Iraqi military intelligence, and another late last year involving military and others from the al-Dulaim tribe.

While a pattern of shrinking loyalty to the regime is evident, fear and repression still keep Saddam in power. Rising discontent places greater strain on Saddam's security apparatus. It is not possible to predict how much longer Saddam's brutal regime will last, though it is apparent he is being tested on many fronts.

The intent of the Security Council sanctions is to compel Iraq's compliance with Council resolutions, no more and no less. We will not be issuing public statements to suggest otherwise.

X. IRAN

Question 1. What is the objective of U.S policy toward Iran?

—How do you want Iran's policy to change before sanctions against Iran will be lifted?

—Stop terrorism? Improve human rights? Institute democracy? End Islamic rule?

—What is our bottom line?

Answer. The objective of our policy is to compel a change in objectionable Iranian policies by focusing international pressure on Tehran. Only multilateral pressure can convince the Iranian leadership that it is in Iran's interest to bring its behavior into conformity with international norms. We have spelled out specifically what we mean by acceptable behavior—Iran's pursuit of weapons of mass destruction, its support for violent opposition to the Mideast peace process, its efforts to destabilize other governments, its support for terrorism through the assassination of dissidents abroad, and its abuses of human rights inside Iran.

Question 2. Is U.S. policy toward Iran changing?

—Are you looking at a new executive order on Iran, and what is your time line?

—Are you looking at banning U.S. companies and their subsidiaries from buying Iranian oil or investing in Iran?

—Are you looking at additional national security export controls?

—What other restrictions do you have under consideration?

—How do you expect current sanctions and contemplated sanctions to change Iranian behavior?

Answer. We are continuously evaluating our policies to ensure that they are appropriate to changing conditions. We believe our basic strategy—working for multilateral pressure to change Iran's behavior—remains the approach that best serves U.S. interests.

The increasing threat that Iranian-supported terrorism poses to the Mideast peace process, as well as evidence of Iran's focus on developing weapons of mass destruction, has heightened our concern. We know the co-sponsors of legislation calling for an embargo against Iran share this view. It is because of these concerns that the Administration is currently considering its position on new unilateral sanctions against Iran. The President is considering a range of options.

The U.S. has already imposed a variety of unilateral sanctions against Iran. Further unilateral steps to end what remains of U.S.-Iran economic interaction would not have an immediate economic impact on Iran, but would send a powerful political message about U.S. determination and leadership in the effort to compel a change in Iran's behavior. This message will facilitate our' continuing efforts to focus more multilateral pressure on Iran. Ultimately, only multilateral action will bring sufficient pressure to bear on Tehran to change its policies.

Question 3. Under Secretary Tarnoff testified last month: "If our policy of pressure on Iran is to succeed, the active cooperation of our allies is essential."

—Who will follow our lead, if the U.S. increases sanctions?
—Are any of our allies prepared to follow our example in blocking commercial transactions with Iran other than in the area of sensitive technology?
—If U.S. companies stop buying oil from Iran, what do you expect to happen? Will the allies stand aside, or take the place of U.S firms?
—What are the prospects that you can fashion a consensus on Iran policy that our allies can support?

Answer. Iran's other trading partners do not support additional sanctions. We expect that foreign competitors will replace U.S. firms doing business in Iranian markets. For this reason, additional unilateral economic sanctions will not have an immediate economic impact on Iran.

However, new unilateral sanctions would send a powerful political message of U.S determination and leadership both to Tehran and to those of our allies who may doubt our seriousness of purpose. This message will facilitate our continuing efforts to deny Iran new official credit, guarantees, and assistance.

We have shaped a consensus—among the 23 Western governments participating in talks on the COCOM successor regime—that Iran should not be able to buy weapons or sensitive dual-use technology. Many of our allies have resisted imposing measures that limit non-sensitive sales. We would use any additional measures which emerge from the current review of our trade policy as the basis for a renewed effort to obtain additional multilateral pressure on Iran.

Question 4. Senator D'Amato has introduced legislation calling for a total embargo on Iran, and a ban on any foreign company that does business with Iran from doing business in the U.S.

—Do you support or oppose a total ban on commerce with Iran?
—What is your view of extraterritorial and secondary boycott provisions in this legislation?
—How do you think our allies would react to such restrictions?
—Would the adoption of such punitive legislation directed at third countries undermine the U.S. position against the Arab boycott of Israel?

Answer. We regularly review our policy toward Iran to ensure we are maximizing our influence and leverage. The Administration is currently conducting a specific review of the feasibility and desirability of additional restrictions on U.S. economic relations with Iran. In this context, we are analyzing the legislation introduced by Senator D'Amato.

In the course of its longstanding efforts to achieve an end to all aspects of the Arab League's boycott of Israel, the United States Government has emphasized its particular opposition to the boycott's secondary and tertiary aspects, describing these aspects as comprising a "foreign trade barrier." With respect to the applications of certain countries to join the GATT, the U.S. took the position that "the most basic principle underlying the GATT is most favored nation treatment, and the secondary and tertiary aspects (of the boycott) are inconsistent with that principle."

Congress, too, has supported this position. The anti-boycott provisions of the Export Administration Act prohibit U.S. firms from responding to secondary and tertiary boycott-related requests; there is no prohibition on responding to requests pertaining only to the primary aspect of the boycott. Moreover, House Concurrent Resolution 175, passed November 4, 1993, characterizes the Arab League's secondary and tertiary boycott as "economic blackmail."

XI. SAUDI ARABIA

Question 1. Recent reports suggest that King Fahd is increasingly feeble and even out of touch with reality.

—What is your assessment of the King's grip on power?
—Do you expect a succession in Saudi Arabia to be orderly, and are we certain who the most likely successor is?
—What is your assessment of the strength of the opposition in Saudi Arabia?
—Is the Saudi opposition essentially mosque-based, or is there significant opposition to the Al Saud among the bureaucracy, military and technocratic elites?

Answer. King Fahd has met with the most senior levels of the U.S. Government in recent months, including the President, Vice President Gore, and Secretaries Christopher, Perry, and Brown. While the King undoubtedly suffers from some problems with his health, we have consistently found in our discussions with him that he is fully in command of the situation and of his government and its affairs.

By tradition, final decisions on the succession have not been made until the King passes away, but Saudi Arabia has a long record of managing orderly successions and we have every expectation that the next transition will continue in that line.

We would expect at this time that Crown Prince Abdullah would be selected to succeed the King.

The U.S. Mission in Saudi Arabia maintains contact with a broad range of Saudis, both officials and private citizens. On the basis of these, it is our view that the large majority of Saudis supports the leadership of the Al Saud. Even among those who are critical of elements of their leadership, we are not aware of significant sentiment in favor of changing the nature of the Saudi government or its leaders.

We would not characterize opposition in Saudi Arabia as being derived from any specific ideological or theological point on the spectrum. As there are elements within Saudi Arabia calling for government reforms based on stricter interpretations of Islam and Islamic law, so there are some who advocate liberal reform and a society more closely resembling western democratic models. As we have noted, however, we believe that the majority of Saudis is generally supportive of the balance that the Al Saud have tried to maintain between tradition and modernization.

QUESTION FOR THE RECORD SUBMITTED TO ASSISTANT SECRETARY OF STATE ROBERT H. PELLETREAU BY REPRESENTATIVE JAN MEYERS

Question. A constituent of mine is concerned about property rights of American citizens in the Palestinian administered areas. His father was born in Gaza, became a naturalized American citizen, and inherited property from his father, my constituent's grandfather. Because he has been gone for forty years, he is viewed as an outsider, and his relatives are exploiting the combination of Turkish, British, Egyptian, and Bedouin laws to block his claiming title to his property. The son has requested that American-sponsored aid to the Palestinian National Authority be dependent on the PNA's diligence in protecting the property rights of American citizens. What is being done by the State Department to impress upon the Palestinian Authority that the legal rights of American citizens who have inherited property in the West Bank and Gaza be protected? To what degree has the Palestinian Authority indicated that Americans' property rights will receive the same protection as residents'?

Answer. The September 1993 Declaration of Principles and subsequent implementing agreements between Israel and the PLO established the Palestinian Authority and provided for the transfer of certain responsibilities and powers. The U.S. has raised with the Palestinian Authority on various occasions the importance of respecting property rights of U.S. citizens in those areas.

The State Department, through our Embassy in Tel Aviv and our Consulate General in Jerusalem, has developed a working relationship with officials of the Palestinian Authority to address a wide range of issues throughout the five year interim period. We will continue to insist that the Palestinian Authority respect the rights of American citizens, including the protection of property.

There is no evidence that the property rights of Americans are being treated any differently than the property rights of residents.

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